
Office of Inspector General

AVIATION INDUSTRY PERFORMANCE
A Review of the Aviation Industry, 2008–2011

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Memorandum

**U.S. Department of
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To: The Secretary
Acting Federal Aviation Administrator
Assistant Secretary for Aviation and International Affairs

Since its inception, the aviation industry has undergone significant transformations as a result of technological developments, economic pressures, and other factors. Most recently, economic recession and recurrent high fuel costs have challenged U.S. airlines, which have taken a number of actions to lower costs and increase revenue—including capacity reductions, fare increases, baggage fees, and mergers.

Beginning in 2002, the Office of Inspector General has issued periodic reports regarding the performance of the aviation industry. This report, the 11th in the series, focuses primarily on industry performance during the 2008–2011 period and summarizes long-term trends since 2000. This report also highlights issues related to changes in airlines' business environment, the industry's reactions to those changes, and the impact of these actions on the traveling public. Finally, this report includes exhibits with more than 40 statistical charts (or metrics) organized in five areas: airline finances, air traffic, flight service, delays and cancellations, and customer service.¹ For a detailed discussion of our scope and methodology, see exhibit A.

¹ For a list of all exhibits included in this report, see the Table of Contents on page 15.

OVERVIEW

Over the past decade, the airline industry has faced significant changes in its operating environment, including high and volatile fuel prices and an economic recession that reduced demand for travel. For example, while airlines spent only 10 percent of their operating costs on fuel in 2001, by 2011 this had risen to 35 percent—near the all time high of 40 percent in 2008. As a result of these and other factors, the industry has experienced considerable financial strain that has led to more than 50 U.S. passenger and cargo airlines filing for bankruptcy in the last 12 years. Ultimately, these changes to the operating climate have fundamentally challenged the industry's ability to sustain itself using its old business models.

The trends presented in this report portray an industry that has been in flux since 2008—one that is transforming to restore profitability and adapting to survive the challenges of a sustained economic downturn. For instance, airlines have responded to the changing economic landscape by introducing new passenger fees (e.g., baggage fees), reducing the number of scheduled flights, and filling vacant seats. Moreover, the recent series of significant airline mergers has reduced the number of airlines serving the bulk of the domestic passenger market from 10 in 2000 to 5 in 2012, which has dramatically consolidated control of the industry.²

These and other airline actions have had a significant impact on the industry as a whole, as well as the traveling public. Specifically, airlines have become more aggressive in adjusting fares and flights to respond to fluctuations in fuel prices and demand and have become more profitable as a result. At the same time, the travel experience for the flying public has changed both positively and negatively. For example, there has been a significant reduction in flight delays³ and cancellations in recent years. Yet there has also been a significant reduction in service at some hub airports and in short-haul flights (i.e., less than 500 miles), which in turn is limiting the choices of many air travelers.

Further details of these changes in business conditions, airline actions, and their impacts are described below. Ultimately, the trends presented in this report suggest that the changes in the number of airlines controlling the industry, fare increases, and capacity reductions that began in 2008 are not a brief phase, but rather are signs of a greater shift in the industry that will remain for years to come.

² While there were dozens of other passenger airlines operating in the United States at these times, collectively they account for less than 15 percent of total passenger traffic.

³ A flight is considered delayed when it arrives (gate-in) 15 minutes or more after its scheduled arrival time.

AIRLINES FACE A CHANGING FINANCIAL LANDSCAPE

After a Dramatic Rise in 2008, Fuel Costs Have Remained Volatile, Increasing Airline Operating Costs

One of the most significant influences on the airline industry in recent years has been the price of fuel. Although fuel prices had been rising since 2001, the industry was seriously challenged by the near doubling of the cost per gallon in 2008. After 2008, prices declined quickly to 2007 levels, but have since risen again—especially in 2011 and early 2012 (see figure 1).

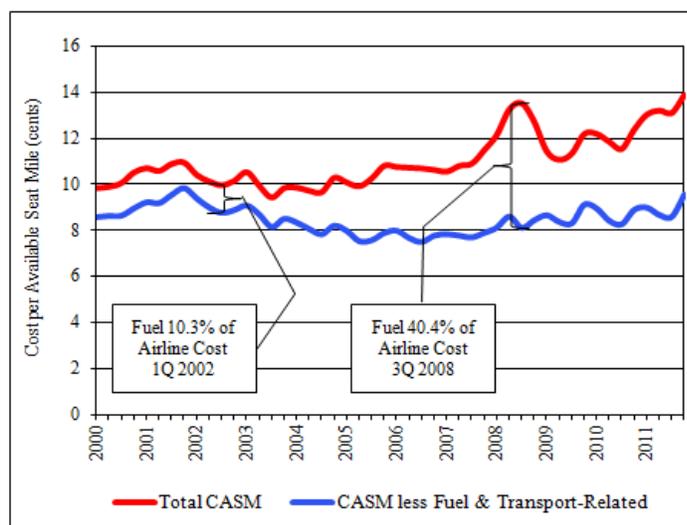
Figure 1. Historical Fuel Prices
(US Gulf Coast Kerosene Jet Fuel)



Source: Energy Information Administration (U.S. Dept. of Energy)

The recent resurgence in prices has pushed fuel expenses to 35 percent of airline operating costs in 2011, near the all-time high of 40 percent experienced in 2008 (see figure 2). In contrast, fuel was only 10 percent of operating costs in 2001. Fuel is now the largest single component of airline costs, exceeding payroll and fringe benefits costs—with U.S. airlines spending \$31 billion for fuel in 2011 or triple the expense of 2000. In fact,

Figure 2. Cost per Available Seat-Mile (CASM) With and Without Fuel



Source: Bureau of Transportation Statistics

concerns over access to jet fuel and price volatility prompted Delta Air Lines to recently acquire its own oil refinery.

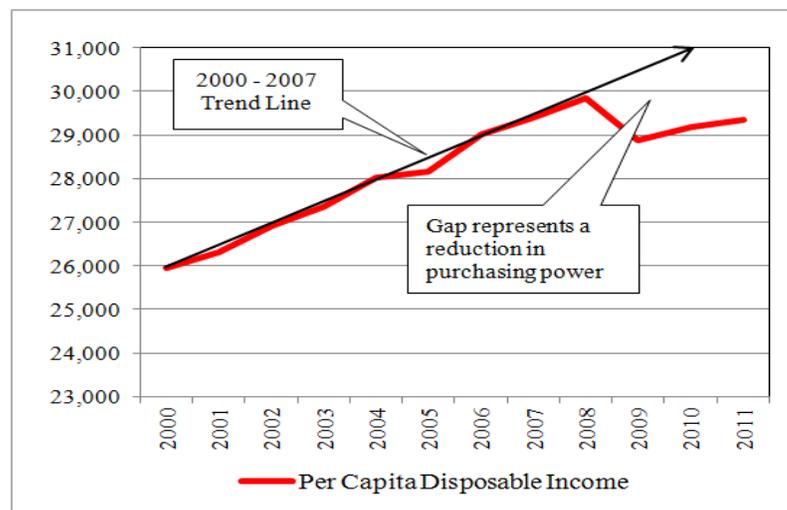
Despite the rising cost of fuel, the airlines have successfully maintained non-fuel operating cost near their previous levels (see blue line in figure 2). For instance, while the airlines' total cost per available seat-mile⁴ (CASM) has grown, most of the increase is attributable to rising fuel costs. As a result, the rising and volatile price of fuel now has a much greater influence on whether the airlines add or cut a flight and how frequently fares need to be adjusted.

Economic Recession Has Reduced the Demand for Air Travel

The airline industry has also been impacted by the recent economic recession, which has reduced the public's ability to purchase air travel. Consequently, the demand for air travel has dropped as consumers experienced the impact of growing unemployment and rising expenses for basic necessities affected by petroleum prices (e.g., commuting, utilities, and food).

Figure 3 shows that per capita disposable income (i.e., those funds available for leisure travel) rose continuously for most of the last decade. The main exception was during the 2008–2009 recession, when incomes suffered a serious interruption—leading to an overall reduction in purchasing power. Since then, income levels have again begun to rise, but at a slower pace than in previous years.

Figure 3. Per Capita Disposable Income (Inflation Adjusted to 2000)



Source: Bureau of Economic Analysis (Census Bureau)

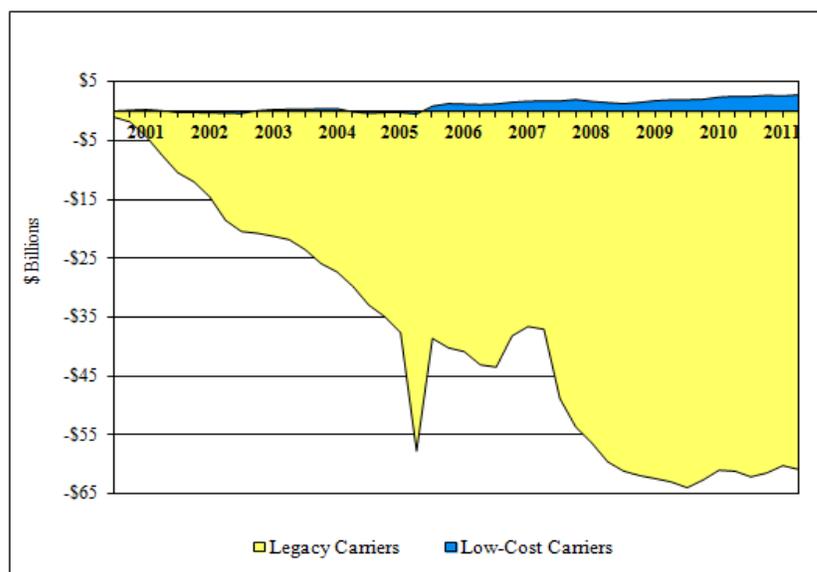
⁴ See exhibit G for a glossary of airline industry terms used in this report.

Major and Regional Airlines Have Faced Increased Financial Strain

Fuel costs, economic pressures, and competition have forced airlines into bankruptcy and reorganization to address accumulated losses, mounting debt, and labor issues (e.g., wages, benefits, and work rules). Since 2000, 51 U.S. passenger and cargo airlines have filed for bankruptcy—of which 13 were in 2008 alone. While the pace has slackened in recent years, 7 of the 51 airlines filed for bankruptcy in just the last 12 months, including American Airlines, its regional carriers American Eagle and Executive Airlines, Pinnacle Airlines, Colgan Air, Ryan International, and World Airways. American Airlines is the last of the pre-deregulation interstate airlines to file for bankruptcy.⁵

As figure 4 illustrates, legacy airlines⁶ (in yellow) amassed a growing amount of financial losses between 2000 and 2009, losing a total of \$62.8 billion by the end of 2009. U.S. low-cost carriers⁷ (in blue) compiled limited profits during that same period, totaling \$2.1 billion. Since 2009, legacy airlines, as a group, have reported improvements in profits, while the low-cost carrier group continued to be profitable.

**Figure 4. Accumulated Net Losses and Gains
Legacy and Low-Cost Airlines**



Source: Bureau of Transportation Statistics

Significant challenges are also affecting regional airlines—those carriers operating aircraft generally smaller (i.e., less than 100 seats) and often under code-sharing

⁵ In 1978, Congress deregulated the airline industry, removing government controls over fares, routes, and market entries from commercial aviation.

⁶ For the purposes of this report, the category legacy airline includes Alaska Airlines, American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, United Airlines, and US Airways.

⁷ Low-cost carriers are a group of generally new entrant airlines with operating costs lower than the older airlines. For a list of airlines considered low-cost for the purposes of this report, see the Glossary section of the report.

contracts⁸ with major airlines. In addition to facing higher fuel costs, regional airlines face less demand for their 50-seat jets used on short-haul flights. For example, in June 2012, Delta Air Lines announced plans to cut 200 50-seat jets from service between 2012 and 2015,⁹ representing a 25 percent drop for the entire industry's inventory of this type of aircraft. Regional airlines will also likely find themselves impacted by new Federal rules and regulations. For example, regulatory changes establishing new minimum pilot rest times may result in needing to hire as many as 4,300 additional pilots, and a recently proposed regulation establishing higher minimum qualifications for copilots may make finding eligible applicants to fill the new positions more difficult.¹⁰

INDUSTRY IS TRANSFORMING AND ADAPTING TO RESTORE PROFITABILITY

Airline Mergers Have Dramatically Consolidated and Transformed Control of the Industry

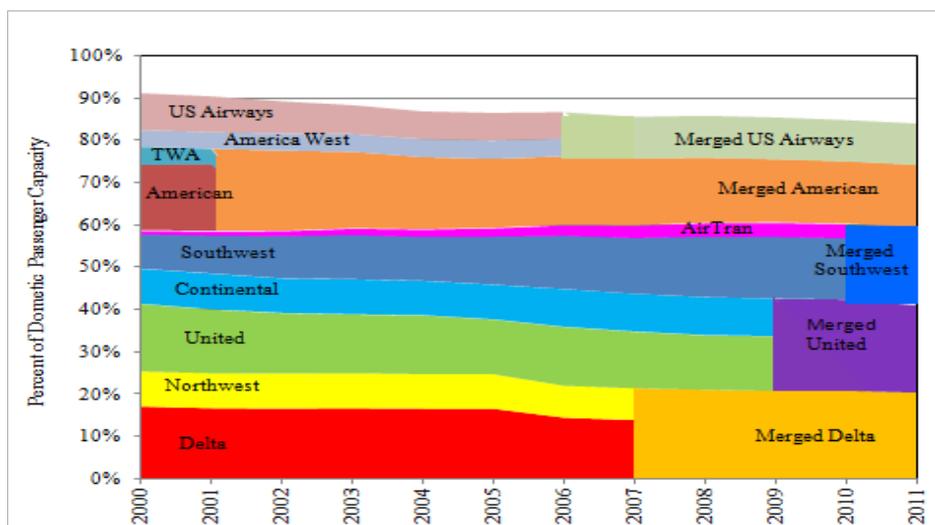
The rapid increase in fuel costs and the economic recession of 2008 have prompted significant changes by U.S. airlines in order to restore profitability. One response to these challenges has been a series of airline mergers resulting in significant consolidation and economic control of passenger ridership. In 2000, 10 airlines accounted for slightly more than 90 percent of available seat-mile capacity in the United States. By early 2012, those 10 airlines, through mergers, were reduced to 5 airlines controlling about 85 percent of the domestic passenger market (see figure 5). Moreover, US Airways is seeking a merger with American Airlines—which would further reduce the number of airlines controlling the vast majority of passenger ridership to only four.

⁸ Code sharing agreements are joint marketing arrangements in which mainline carriers either sell seats on, purchase seat capacity on, or contract for entire flights of a regional airline to fly passengers under the brand name of the mainline carrier.

⁹ The reduction will include regional jets operated by Delta's wholly owned subsidiary Comair (which is ceasing operation later this year) as well as those operated by other regional airlines operating under contract to Delta.

¹⁰ Closure of regional airline Comair is unlikely to alleviate the need for additional pilots since parent Delta Air Lines stated that no flying would be cut.

Figure 5. The Accelerating Consolidation of the U.S. Airline Industry



Source: Bureau of Transportation Statistics

These industry mergers have enabled the newly combined airlines to cut costs by reducing previously competing flights and redundant hub operations as well as consolidating operations. For example, in the Delta/Northwest merger, hub operations at Cincinnati and Memphis airports have been reduced by 63 and 36 percent, respectively, between June 2007 and June 2012. Likewise, at some other airports, airlines have sought to increase profitability by consolidating operations. For example, Delta Air Lines traded “slots”¹¹ to operate 42 round-trip flights at Washington Reagan National airport to US Airways in exchange for slots to operate 132 round-trip flights at New York LaGuardia airport. This transaction increases Delta’s control of market share in New York and US Airway’s control in Washington, DC.

Airlines Have Reduced the Number of Flights Offered While Increasing Load Factors and Use of Regional Airlines

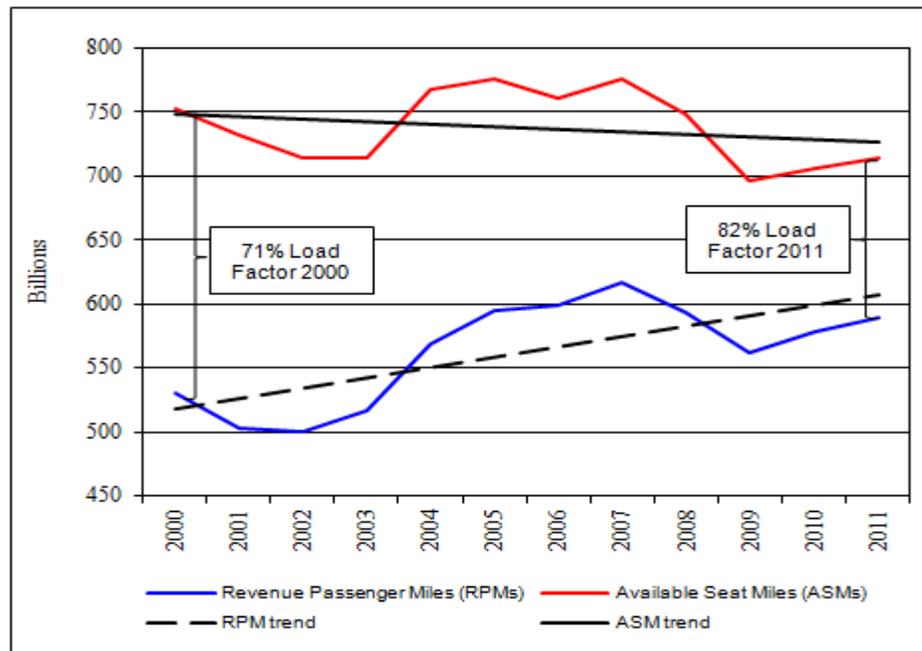
Due to the high price of fuel and lower demand for travel, airlines have significantly cut back on available capacity by reducing the number of flights—especially those involving smaller aircraft. For example, airlines reduced the number of domestic scheduled passenger flights by 13.9 percent between June 2007 and June 2012. Many of these flights were cut in the 2008–2009 period and have not been restored. Most recently, the number of scheduled flights declined by 2.8 percent between June 2011 and June 2012. However, the available

¹¹ To manage airspace congestion and safety, FAA limits the number of hourly flight operations at Washington Reagan National airport and the three New York area airports, LaGuardia, J.F. Kennedy, and Newark. Airlines are not permitted to initiate or expand air service at those airports unless they possess one of the limited number of authorizations (i.e., “slots”).

seat-miles (ASMs)¹² were unchanged, largely because most cuts were in short-haul flights involving smaller aircraft with fewer seats.

These data demonstrate that the airlines have adapted and developed new means for managing excess capacity. The airlines' actions of cutting capacity (as measured in ASMs) while passenger traffic increased has resulted in more tightly packed flights, causing the percentage of seats occupied during flights (known as the load factor) to climb (see figure 6). This in turn increases the airlines' revenue per flight. Moreover, as airlines have fewer empty seats on their flights, they are less inclined to offer discounted fares. This presents a marked contrast from the business model of the 1980s, when airlines previously had a larger number of empty seats and relied on promotions and reduced fares to attract passengers.

Figure 6. Domestic Passenger Traffic and Capacity



Source: Bureau of Transportation Statistics

Major passenger airlines have also increased the number of their advertised flights that are operated by subcontractor regional airlines under code-sharing agreements in an effort to cut operating costs and gather feeder traffic from smaller cities. In 2011, 61 percent of the advertised flights for American, Delta, United, and US Airways were operated by code-share regional airlines, up from 40 percent in 2000.¹³

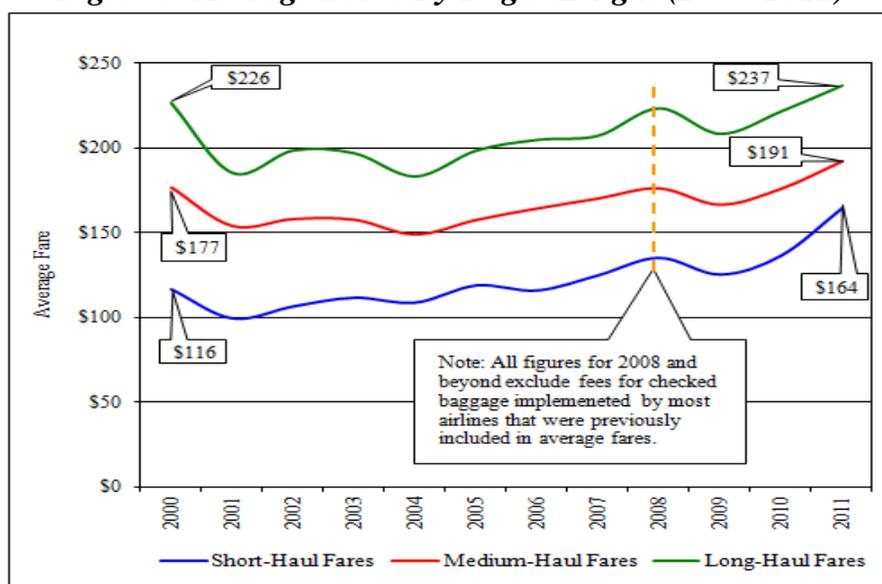
¹² Available Seat-mile (ASM) is a measure of airline capacity. One ASM is equal to one seat transported one mile.

¹³ Southwest Airlines and its merger partner AirTran were excluded from this analysis since neither airline utilizes code-sharing in their operations.

Airlines Have Increased Revenue Through Fare Increases and New Fees

By reducing the number of available flights, airlines have been able to increase the fares for the seats that remain (see figure 7). This is particularly the case with short-haul flights, which have seen a significant reduction in the number of flights, as well as a sharp increase in fares. Overall, the industry attempted 22 fare increases in 2011, of which 11 were successful.¹⁴ In 2012, airlines have already attempted eight fare increases, four of which have been successful.

Figure 7. Average Fares By Flight Length (2000–2011)



Source: Bureau of Transportation Statistics

The airlines have also increased revenue by implementing additional fees for services that previously were included in the base ticket price. For example, checking baggage, selecting seats, food, and blankets are now add-on services requiring passengers to pay fees. Baggage fees alone contributed \$2.7 billion in additional revenue to the airlines in 2011. Overall, passenger fees have increased by \$19 per round-trip (from \$3 to \$22) between 2000 and 2010,¹⁵ according to the industry association Airlines For America.¹⁶ In addition to charging for checked baggage, some airlines (see table 1) are also beginning to charge for carry-on luggage and seat selection.

¹⁴ Airfare changes initiated by an airline are considered successful if competitors also adopt an increase. Attempts are unsuccessful if there is not wide-spread matching by other airlines, usually resulting in a withdrawal of the original increase.

¹⁵ These figures represent an average across all passengers, including those not paying for extra services. Actual fees paid by passengers using the ancillary services exceed the average.

¹⁶ Presentation by Airlines For America before the Transportation Research Board, January 24, 2012.

Table 1. Summary of Airline Fees (April 2012)

	Carry-on Luggage	1 st Checked Bag	2 nd Checked Bag	Ticket Change Fee ¹	Seat Selection Fee ²
AirTran		✓	✓	✓	✓
Alaska		✓	✓	✓	✓
Allegiant	✓	✓	✓	✓	✓
American		✓	✓	✓	✓
Delta		✓	✓	✓	✓
Frontier		✓	✓	✓	✓
JetBlue			✓	✓	✓
Southwest				✓	✓
Spirit	✓	✓	✓	✓	✓
United		✓	✓	✓	✓
US Airways		✓	✓	✓	✓

¹ More than 24 hours after ticket purchase

² No seat can be selected at time of purchase without a fee

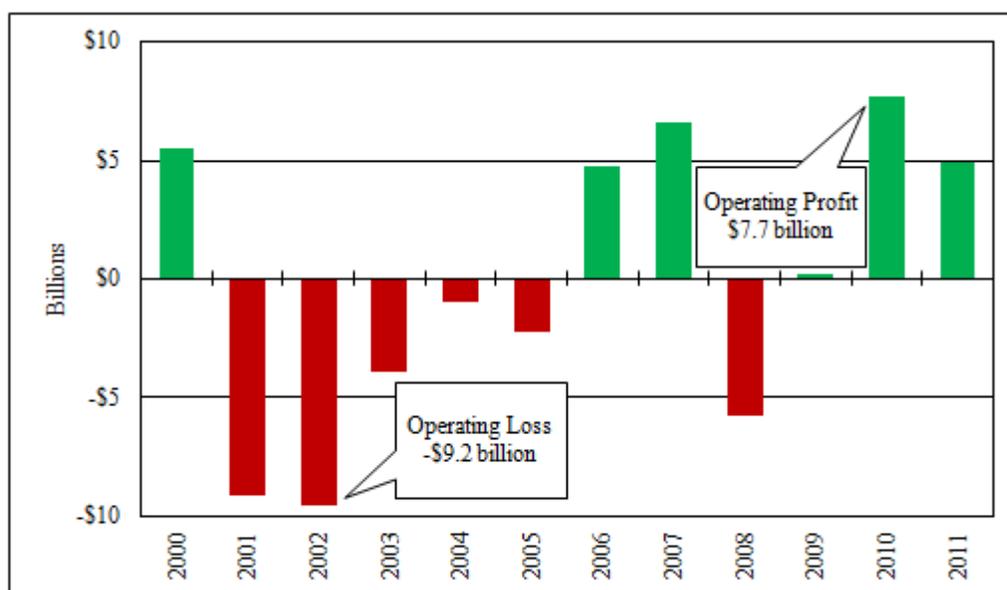
Source: Airline Web sites

INDUSTRY ACTIONS HAVE IMPROVED AIRLINE PROFITABILITY WHILE IMPACTING SERVICE TO THE FLYING PUBLIC

Airlines Have Become Profitable Again

The industry's strategies of consolidating airlines, cutting flights, and raising fares have produced positive financial results. As figure 8 shows, despite the pressures of high fuel costs and reduced passenger demand, major airlines collectively have moved from a series of annual operating losses from 2001 to 2005, to breaking even in 2009, and, most recently, to earning operating profits in 2010 and 2011.

Figure 8. Domestic Operating Profit and Loss of Major U.S. Airlines



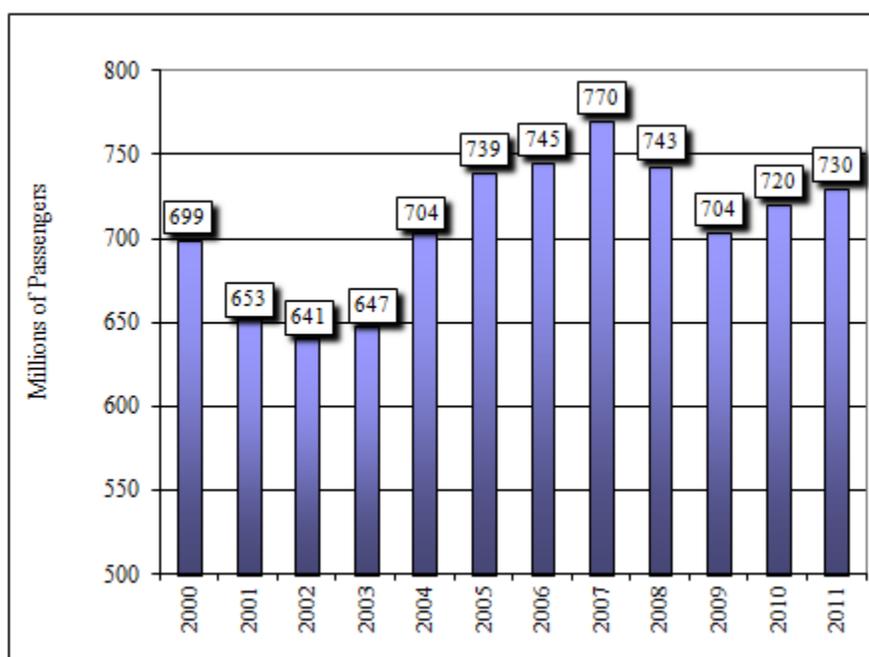
Source: Bureau of Transportation Statistics

Airlines have also become more adaptable to changes in their business environment, thereby minimizing potential losses. For example, while a further escalation in fuel prices in early 2011 cut into profits in the first and second quarters, major U.S. airlines still earned about \$5 billion for the year.

Passenger Travel Is Experiencing a Slow Recovery

Since its most recent low in 2009 (704 million passengers), passenger ridership has recovered somewhat, but has yet to reach the levels experienced prior to the economic recession of 2008 (see figure 9). In 2011, there were 730 million passenger enplanements, down from a high of 770 million in 2007. Numbers for the first 5 months of 2012 show little growth in passenger ridership year-over-year. However, given the series of fare increases during this period, this may be considered a positive trend, as it demonstrates that passengers are still willing to fly even if it costs them more.

Figure 9. Passenger Enplanements



Source: Bureau of Transportation Statistics

Airline Actions Have Resulted in Reduced Service to Some Airports and Fewer Short-Flight Travel Opportunities for Passengers

Although the industry's recent actions have restored profitability, some actions have also reduced travel opportunities for passengers. For example, the availability of short-haul flights for passengers has been greatly impacted. In June 2012, the number of scheduled domestic passenger flights of less than 250 miles was 24 percent lower than it was in June 2007. In addition, the number of flights in the 250–499 mile range declined by 16 percent. Combined, flights in these two

distance brackets represent a reduction of 3,000 flights per day or three-quarters of all flight reductions experienced between June 2007 and June 2012.

Passengers in small communities and in short-haul markets can anticipate further cuts in scheduled air service as a result of the reduction of the number of 50-seat aircraft in the regional airline fleet. Furthermore, the FAA Modernization and Reform Act of 2012 significantly altered the protection that small communities previously enjoyed under the Essential Air Service (EAS) program.¹⁷ The Act modified the program by restricting the existing protections to only those communities receiving subsidized service between September 30, 2010, and September 30, 2011. This modification also makes it easier for airlines to reduce the number of communities they support, without advanced notice of withdrawal. The roughly 50 small communities currently served by only one air carrier are particularly vulnerable.

Airlines have also reduced service by downsizing hub operations following mergers and bankruptcy reorganizations, which has greatly impacted some airports. In particular, five airports (Cincinnati, Cleveland, Memphis, Pittsburgh, and St. Louis) have experienced partial or complete closure of their major airline's hub operations (see table 2). Combined, these five airports experienced a nearly 40 percent reduction in departing scheduled passenger flights between June 2007 and June 2012.

Table 2. Flight Cutbacks at Selected Hub Airports

Hub Airport	Hub Airline	Scheduled Passenger Flights June 2007	Scheduled Passenger Flights June 2012	Percent Change
Cincinnati	Delta	12,781	4,710	-63.1%
Cleveland	Continental	9,070	6,684	-26.3%
Memphis	Northwest	8,227	5,308	-35.5%
Pittsburgh	US Airways	7,462	4,470	-40.1%
St. Louis	American	9,503	7,127	-25.0%
Total 5 Hubs		47,043	28,299	-39.8%

Source: Federal Aviation Administration

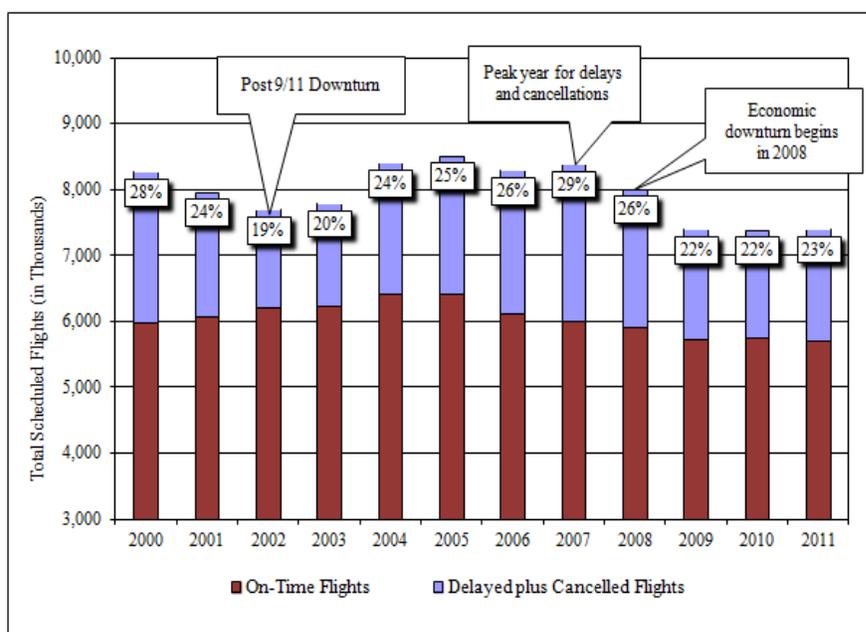
¹⁷ The Essential Air Service (EAS) program was originally created to ensure a minimal level of air service to small communities since industry deregulation in 1978. Prior to the recent legislation changes, the program required airlines to provide advanced notice before removing service from a community and to continue service until a replacement airline was found (with subsidy if necessary). Following the recent changes, no new airports in the lower 48 States may be added to the subsidy program, and airlines intending to exit a community (not already receiving subsidized service) do not have to supply advanced notice of withdrawal.

Passengers Benefit From Fewer Flight Delays and Cancellations

Even though facing fewer flight options, the flying public has benefited from some improvements in the overall flight experience—especially with respect to the number of flight delays and cancellations. In particular, the drop in flights has translated into fewer delays and cancellations and better on-time performance since 2007. At the 55 airports tracked by FAA, the percentage of flights arriving on time improved from 71 percent in 2007 to 77 percent in 2011, with the first 5 months of 2012 having the best on-time performance since 1988 (84 percent). At the request of Congress, our office has recently started an audit to study how flight delays have changed since 2000.¹⁸

As figure 10 shows, the recent downturn in the rate of delays and cancellations has coincided with a reduction in the number of operated flights. In particular, the percentage of delayed or cancelled flights dropped from its peak of 29 percent in 2007 to 23 percent in 2011. The close correlation between the number of operating flights and percentage of delays and cancellations suggests that this trend may be a longer lasting one, provided that airlines continue to reduce or maintain their total number of flights.

Figure 10. Total Flight Operations and Percentage of Delayed or Cancelled Flights



Source: Federal Aviation Administration

¹⁸ OIG audit announcement memorandum, “Air Carrier Flight Delays and Cancellations,” April 16, 2012. OIG memorandums and reports are available on our Web site at <http://www.oig.dot.gov/>.

CONCLUSION

The airline industry remains one of the most important in the American economy, with wide-reaching impacts on consumers and the workforce. However, significant and frequent challenges to the economic and operating environment appear to be the new norm for the airline industry, causing airlines to innovate and take drastic action to survive. Although the industry is still in transition, the data in this report suggest that some of the most significant trends of recent years—including but not limited to a more consolidated industry with less competition, fewer flight options for small communities, and revenue-enhancing baggage and other fees—may continue for the foreseeable future as airlines further improve their adaptability to changing market forces.

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EXHIBIT A. SCOPE AND METHODOLOGY

Data represented graphically in the report were collected from the Department of Transportation's Federal Aviation Administration (FAA), the Bureau of Transportation Statistics (BTS), the Office of Aviation Analyses (OAA), and the Aviation Consumer Protection Division (ACPD). The secondary sources of data were the Department of Energy's (DOE) Energy Information Administration. FAA, BTS, OAA and ACPD are organizations within the Department of Transportation.

We did not systematically audit or validate the data contained in any of the databases. However, for previous editions of this report, we conducted trend analyses and random checks of the data to assess reasonableness and comprehensiveness. When our judgmental sampling identified anomalies or apparent limitations in the data, we held discussions with the relevant database managers to better understand the data and attempt to resolve the inconsistencies. We did not perform sufficient tests to draw conclusions or form an opinion on the completeness or accuracy of the data sources.

We met periodically with staff from FAA, BTS, OAA, and ACPD to discuss data issues and obtain feedback on modifications we made to existing data in order to more accurately represent industry trends.

A. Analyses Performed With BTS Data

Financial, traffic, operational statistics, employment, and passenger ticket survey information obtained from the BTS sources were used in financial and statistical analyses of history, trends, employment levels, status and performance of financial condition, net profits and losses, debt and investment and load factors. Specifically, we analyzed:

1. Air Carrier Financial Statistics. A compilation of financial reports submitted by air carriers as required under Title 14 Code of Federal Regulations (CFR) Part 241 (Form 41). Scope: all certificated U.S. air carriers, from 2000 through the fourth quarter 2011.
2. Air Carrier Traffic Statistics. A compilation of traffic and capacity reports submitted by air carriers as required under 14 CFR Part 241 (Form 41). Scope: all certificated U.S. air carriers (passenger and cargo), commuter air carriers, and foreign air carriers operating to and from the United States, from 2000 through the fourth quarter 2011.
3. Origin and Destination Survey of Passenger Travel (O&D Survey). A compilation of surveyed ticket information submitted quarterly as required

under 14 CFR Part 241 (Form 41). Scope: 10-percent sample of tickets used by passengers, from 2000 through the fourth quarter 2011.

B. Analyses Performed With OAA Data

Financial, traffic, and operational statistics obtained from OAA sources were used in financial and statistical analyses of history, trends, status, and performance of airline revenues, expenses, profits, traffic and capacity, and the EAS Program. Specifically, we analyzed:

1. Airlines' Quarterly Financial Review. A quarterly report analyzing the financial and operating performance and condition of the major airlines in the United States. Prepared using financial and traffic statistics reported to BTS by the airlines. Scope: 15 major air carriers (13 passenger and 2 all-cargo carriers), from 2000 through the fourth quarter 2011.
2. EAS Program. Information on EAS budgets and number of communities served was supplied to the OIG by EAS program administrators. Scope: Budget and program activity for fiscal years (FY) 2001 through 2011 and Congressional appropriations and limitations for FY2012 through FY2015.
3. Domestic Airline Fares Consumer Report. A quarterly report that supplies the average air fare paid by passengers traveling in distinct airport pair markets with an average of 10 or more daily passengers. Prepared using the DOT Domestic edition of the Origin and Destination Survey of Passenger Travel (O&D Survey). Scope: A 10-percent sample of tickets of passengers traveling on domestic flights within the 48 states, quarterly from 2000 through 2011.

C. Analyses Performed With ACPD Data

Customer service statistics obtained from ACPD were used to compile the history and trends for passengers denied boarding, mishandled bags, and complaints. Specifically, we analyzed:

1. Air Travel Consumer Report. A monthly report published by ACPD about airline on-time performance that includes passengers denied boarding, mishandled baggage reports, and consumer complaints. Passengers denied boarding and mishandled baggage reports are based on data submitted to BTS by the airlines as required per 14 CFR Part 234. Scope: 15 major U.S. air carriers domestic schedule from 2000 through 2011. For consumer complaints, the report is based on data collected directly by ACPD. Scope: All U.S. and Foreign air carriers serving the U.S. domestic market from 2000 through 2011.

D. Analyses Performed With FAA Data

Air Traffic Control delay and operational statistics and airline flight schedule data obtained from FAA sources were used in statistical analyses of history, trends, status, and performance of air traffic control management and delays; airline scheduled capacity, operations, and market share; and aircraft type usage. Specifically, we analyzed:

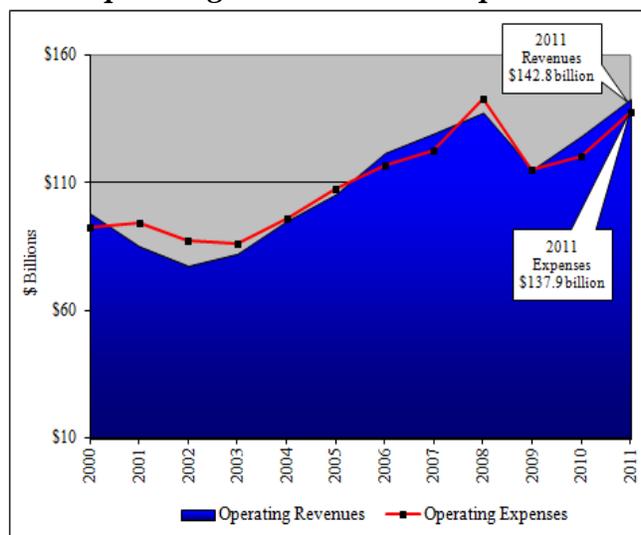
1. Flight Schedule Data System (FSDS). A database of published airline flight schedules. Scope: domestic service, June 2000, June 2007, and June 2012.
2. Aviation System Performance Metrics (ASPM). A database of FAA air traffic control performance measures including delays, cancellations, operations, and causes for delays. Scope: 55 major airports across the country from 2000 through 2011.
3. Operations Network (OPSNET). A database of IFR and VFR aircraft movement operations handled by the various FAA Air Traffic Control facilities. Scope: All IFR operations at air route traffic control centers and airport towers from 2000 through 2011.

EXHIBIT B. AIRLINE FINANCES

Airline Revenues and Expenses.

On the whole, airline expenses have increased in recent years, but so have airline revenues. As illustrated by figure 11, system operating expenses for the major passenger carriers rose to \$137.9 billion in 2011, up 14.3 percent over 2010, propelled by increasing fuel costs. During the same period, operating revenues for 2011 grew at a slightly slower rate of 11.2 percent over 2010 to \$142.8 billion, as airlines were unable to raise fares to cover all cost increases. Nevertheless, this marked the third consecutive year, and the fifth of the last six, in which operating revenues exceeded operating expenses (producing operating profits) for the major passenger airlines.

Figure 11. Major Passenger Carriers' Operating Revenues and Expenses

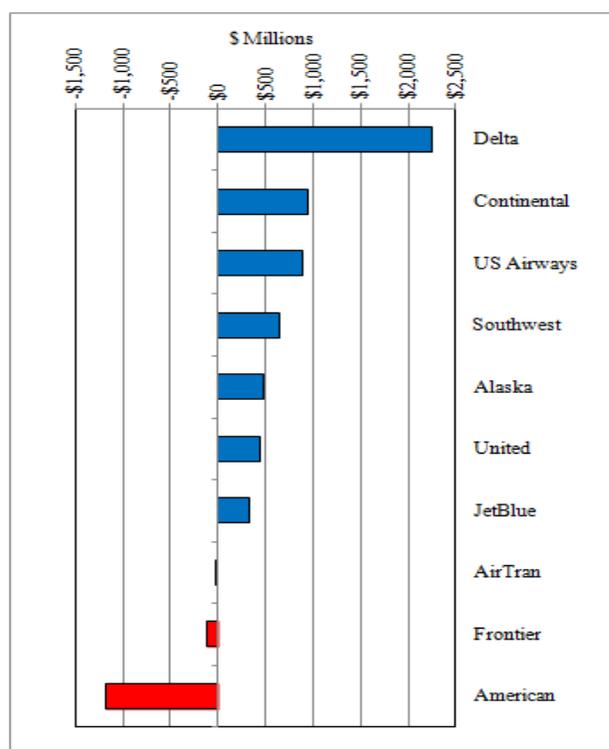


Source: Bureau of Transportation Statistics

Selected Airline Operating Profits or Losses.

Generally, 2011 financial results for individual airlines were positive, but their profit and losses varied extensively, with one airline posting more than \$2 billion in profits and another posting more than \$1 billion in losses. As shown in figure 12, 7 of 10 selected airlines posted system operating profits for 2011. Delta Air Lines posted an operating profit of \$2.2 billion for 2011, more than double the \$950 million reported by Continental. JetBlue's \$324 million operating profit was the smallest of the selected 10 airlines. AirTran Airways incurred a modest \$16 million operating loss for the

Figure 12. Selected Legacy and Low-Cost Carriers Operating Profit or Loss, 2011

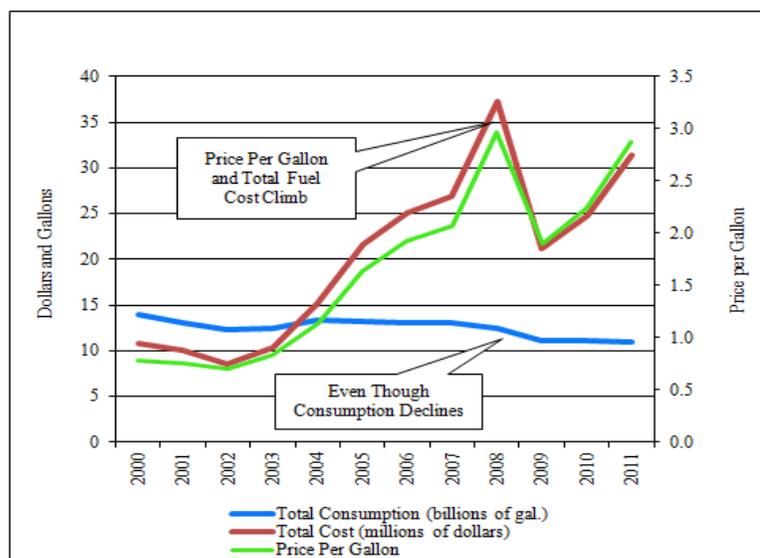


Source: Bureau of Transportation Statistics

year, followed by Frontier Airlines with \$112 million loss. Finally, American Airlines incurred an operating loss of \$1.2 billion. Of the total loss, American reported that \$917 million was attributable to special charges and bankruptcy reorganization actions, in which the airline wrote off the value of aircraft returned to lenders and revaluation of other assets.

Fuel Cost and Consumption. As previously discussed, recent increases in the cost of fuel have impacted airlines significantly, the magnitude of which is shown in figure 13. Overall, the total cost of fuel for domestic airline operations has risen (red line) in parallel with the price per gallon (green line), even though the industry has reduced its fuel consumption at the same time (blue line).

*Figure 13. Fuel Cost and Consumption
Domestic Service*



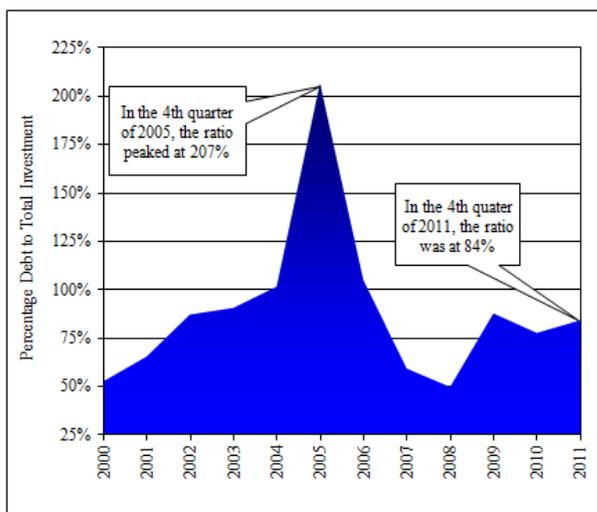
Source: Bureau of Transportation Statistics

Debt-to-Investment Ratio. A key metric for assessing the industry's overall financial condition is the ratio of debt to total investment (or, debt plus stockholder equity), which helps gauge how self-sustaining the industry is and how heavily it relies on debt to finance its operations. As shown by figures 14 and 15, the airline industry increasingly relied on debt to remain in operation during the first half of the last decade. In particular, the industry's financial condition markedly deteriorated between 2000, when half of all investment was financed by debt, and 2004, when every dollar of investment was in the form of debt (essentially, the industry had no remaining reserves of profits).

However, debt-to-investment ratios have improved considerably since the 2004–2005 time period. This improvement (as reflected in a lower ratio) was a result of both the write-off of debt during bankruptcy procedures (as nearly every major airline filed for bankruptcy during the period) as well as improved profits in the

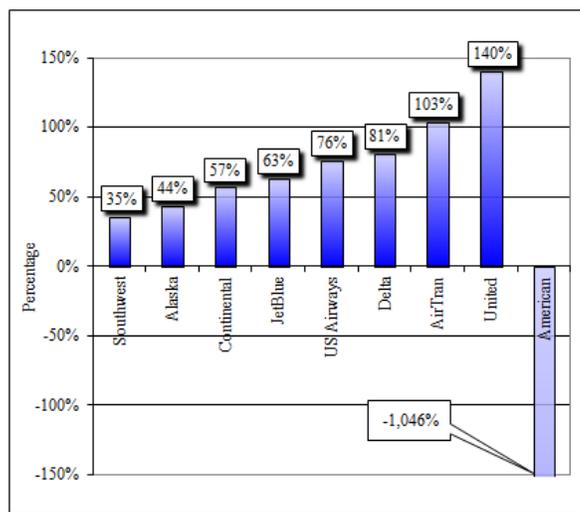
most recent years. As a group, the major airlines' debt to investment ratio was at its worst at the end of 2005, just after Delta Air Lines and Northwest Airlines both filed for Chapter 11 bankruptcy. Thereafter, the industry relied less on debt to finance its business, with the ratio of debt to total investment falling to 59 percent in 2007. In recent years, the ratio has risen again to between 75 and 89 percent. At the end of 2011, three airlines had debt to investment ratios that were worse than the group average (84.3 percent): AirTran (103 percent), United (140 percent), and American (-1,046 percent).¹⁹

Figure 14. Debt-To-Investment Ratio for all Major Airlines



Source: DOT Office of Aviation Analysis

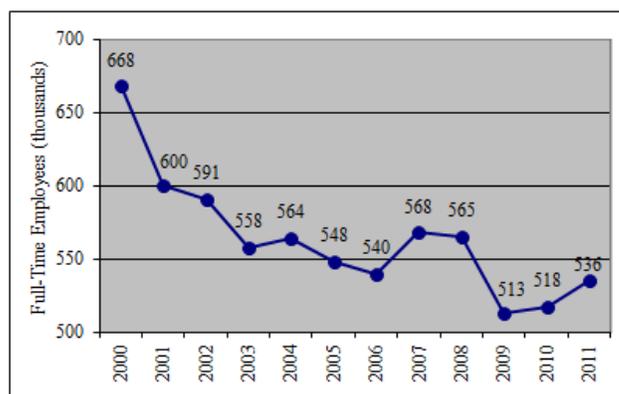
Figure 15. Debt-To-Investment Ratio by Airline, 4th Quarter 2011



Source: DOT Office of Aviation Analysis

Airline Employment. Reductions in flights in 2009 resulted in corresponding declines in airline employment levels,²⁰ which have only recovered slightly in the last 2 years. As seen in figure 16, between 2008 and 2009, U.S. certificated airlines cut 52,000 (or 9.6 percent) full-time equivalent employees²¹ with total employment declining to 513,000, the lowest in a decade. Airline employment has since increased slightly during 2010 and 2011, rising

Figure 16. Aviation Related Employment for U.S. Certificated Air Carriers



Source: Bureau of Transportation Statistics

¹⁹ American's unusual negative ratio of debt to total investment is due to large accumulated net losses resulting from accounting write-offs during the bankruptcy process.

²⁰ Changes in airline employment numbers do not include contract employees. Some positions cut from airline payrolls may be substituted with contractors (e.g., aircraft cleaning, maintenance, and baggage handling).

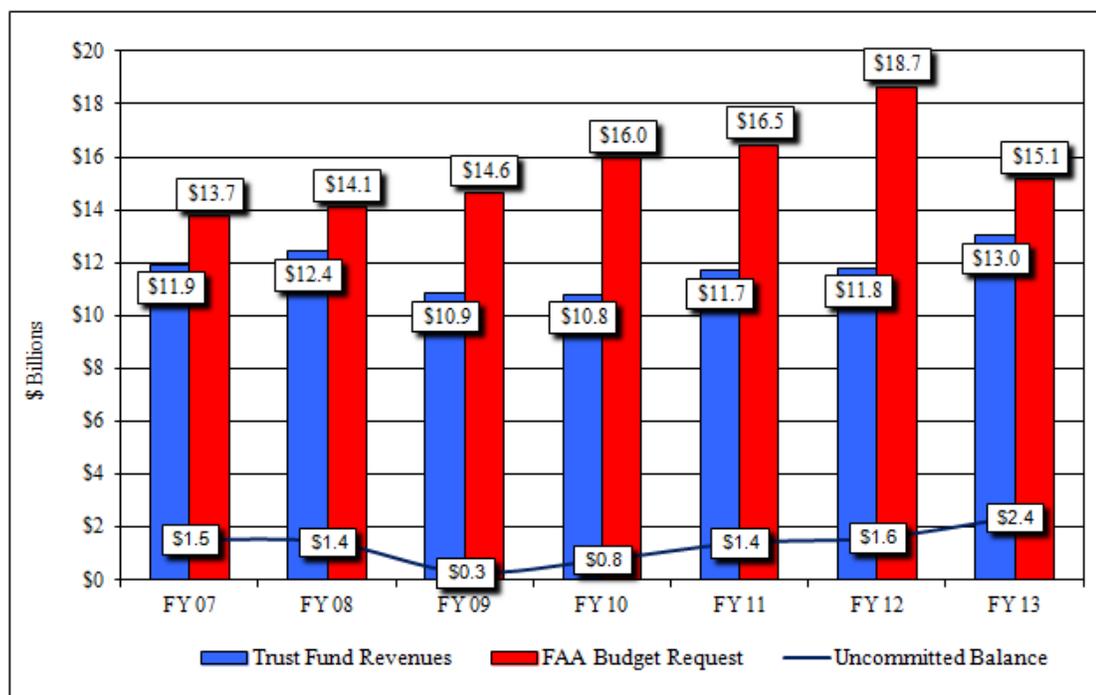
²¹ Full-time equivalent employees are calculated as full-time plus one half of part-time employees.

Exhibit B. Airline Finances

to 536,000 (4.4 percent higher than 2009). Airlines that cut the most personnel between 2008 and 2011 were United (-8,500), American (-7,200), and US Airways (-2,300). However, some airlines added personnel during the same time period, including Federal Express (+9,900), Southwest (+3,500), and JetBlue (+2,000).

Airport and Airway Trust Fund. The Airport and Airway Trust Fund provides a significant portion of FAA's operating expenses as well as airport improvement program grants for numerous airport construction projects. It is funded by excise taxes on air travel, shipping, and fuels.²² As seen in figure 17, Trust Fund revenues were lower after 2008 due to reduced aviation activity and passenger ridership. Meanwhile, FAA budget requests have continued to rise, increasing the amount of the FAA budget funded by general fund appropriations. Government forecasts for increased Trust Fund revenues in FY 2013 rely on an assumption that \$863 million in proposed user fees for air traffic control services will be implemented.²³

Figure 17. Status of the Airport and Airway Trust Fund



Source: Federal Aviation Administration and Office of Management and Budget

²² FAA Trust Fund revenues are derived from excise taxes on: (1) domestic airline passenger tickets, (2) domestic airline passenger flight segments, (3) international passenger arrivals and departures, (4) air cargo waybills, (5) aviation fuels, and (6) amounts paid for the right to provide mileage awards.

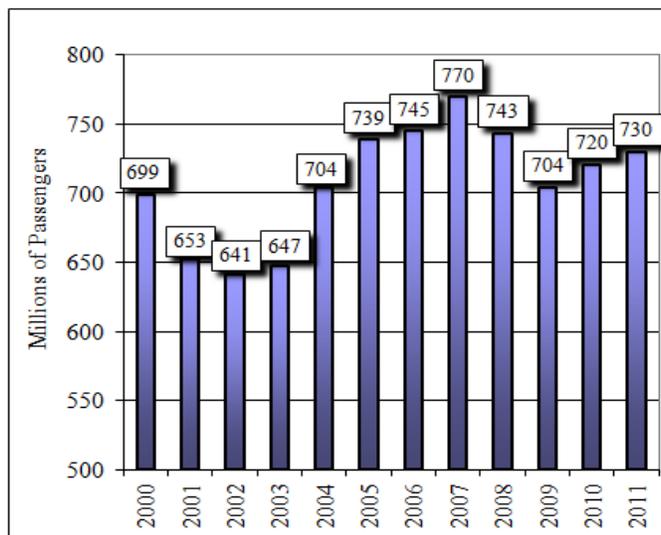
²³ With the goal of sharing payments for air traffic services more equitably amongst aviation users, the FY 2013 Presidential Budget proposes a new \$100-per flight surcharge for air traffic services that would be deposited into the Airport and Airway Trust Fund.

Exhibit B. Airline Finances

EXHIBIT C. AIRLINE TRAFFIC AND CAPACITY

Air Traffic Demand. Air traffic demand has increased slightly in recent years, as evidenced by the number of traveling passengers. As shown in figure 18, passenger enplanements on scheduled flights increased only 1.3 percent from 2010 to 2011. This was the second consecutive year of slow recovery from a recent low in 2009—the second downturn in the last 11 years. Nevertheless, the 2011 ridership was still 5.1 percent below the record high of 770 million enplanements recorded in 2007.

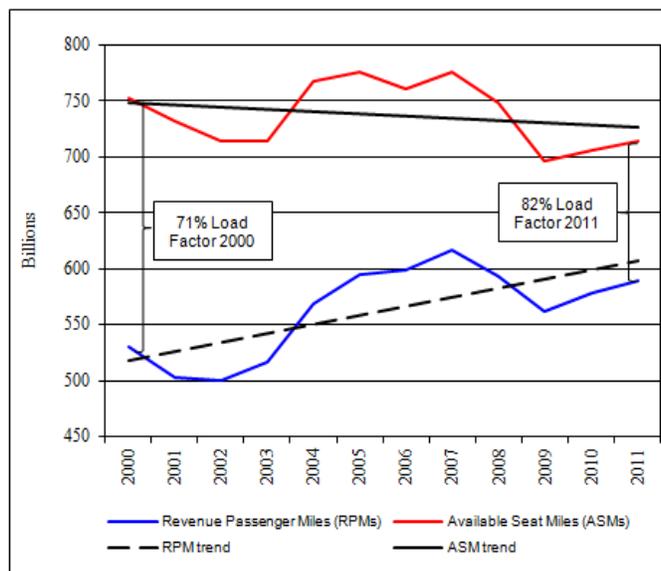
Figure 18. Passenger Enplanements



Source: Bureau of Transportation Statistics

Domestic Traffic and Capacity. Domestic traffic and capacity have increased moderately since 2009 as measured by domestic RPMs and ASMs, respectively. As illustrated in figure 19, RPMs for 2011 increased 2.0 percent over 2010 to 589.2 billion. This continues a long-term moderate growth trend that began in 2000, with interruptions in 2001–2002 and 2008–2009. Meanwhile, ASMs for 2011 grew 1.2 percent over the prior year to 714.5 billion. The carriers' ability to handle increased passenger traffic without a corresponding increase in seat capacity resulted in a 12 point increase in load factor (percentage of seats occupied) from 70.6 percent in 2000 to 82.5 percent in 2011.

Figure 19. Domestic Traffic and Capacity

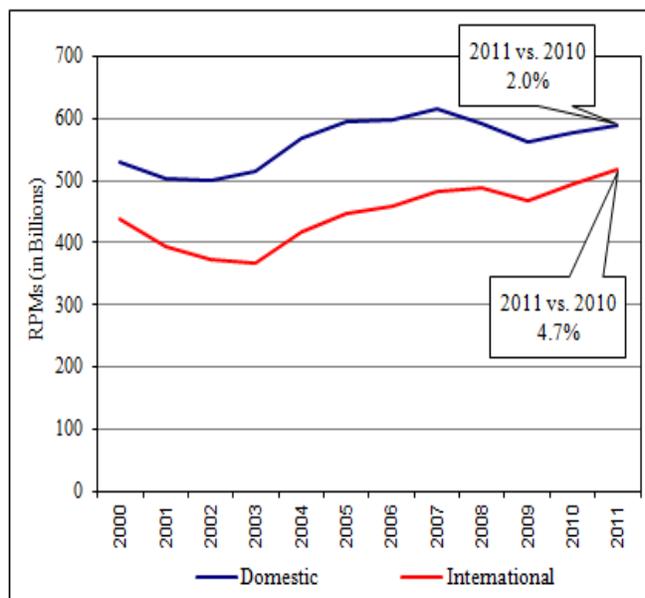


Source: Bureau of Transportation Statistics

Domestic and International Traffic.

In contrast with the moderate growth in U.S. domestic passenger traffic (i.e., domestic RPMs up by 2.0 percent in 2011), international traffic to and from the U.S. grew at a faster rate of 4.7 percent to 519 billion RPMs in 2011 (see figure 20). The higher growth rate for international traffic is a result of the airlines' emphasis on expanding international service to help compensate for a sluggish domestic demand. International traffic has also recovered from a post 9/11 downturn. As a percentage of total traffic, international travel comprised 48.6 percent of total travel in 2011, up from the recent low of 41.7 percent in 2003.

Figure 20. Domestic Versus International Passenger Traffic (in RPMs)

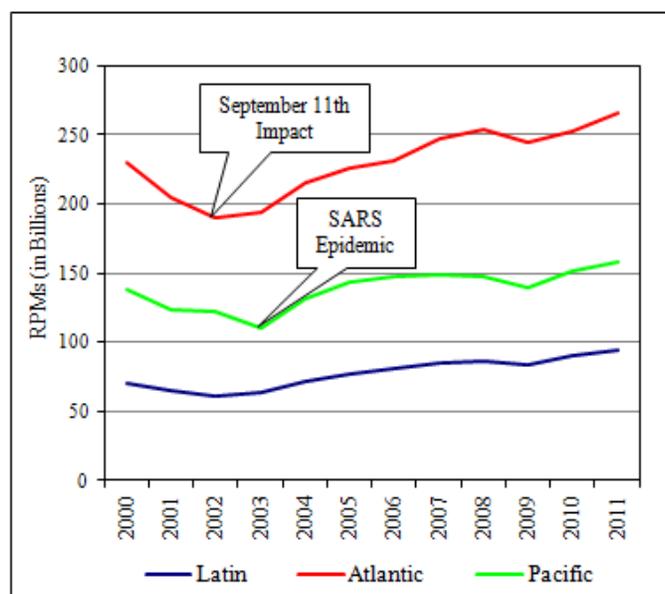


Source: Bureau of Transportation Statistics

International Passenger Growth By Region.

The growth rate for international traffic by regions has varied. As figure 21 shows, the Atlantic region, largest of the international air service markets, saw the highest growth rate in passenger traffic (4.9 percent) in 2011 compared to 2010. The Latin American region traffic grew 4.8 percent over the same time period. Passenger traffic in the Pacific region grew by 4.3 percent in 2011, compared to the prior year.

Figure 21. International Passenger Traffic by Region (in RPMs)

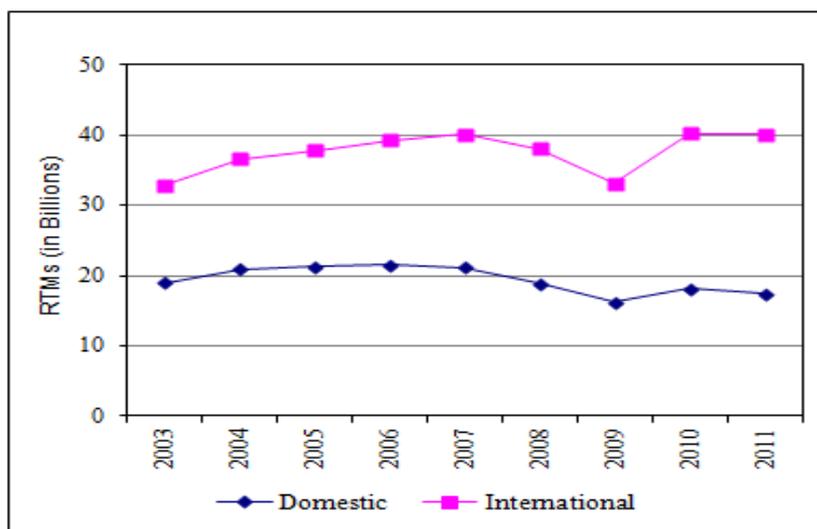


Source: Bureau of Transportation Statistics

Domestic and International Air Cargo. While traffic for domestic air cargo has declined in recent years, the U.S. market for international cargo has remained steady. Domestic air cargo traffic was 17 billion revenue ton-miles (RTMs) in 2011, a decline of 3.9 percent from 2010. This reduction continued a long-term deterioration from the peak 2005–2007 period, which has been due to shippers moving to less costly ground delivery methods during the periods of high aviation fuel costs and economic recession.

In comparison, U.S. international air cargo for 2011 remained relatively unchanged from 2010 at 40.2 billion RTMs, off only 0.2 percent for the year. The 2010–2011 period is a peak plateau in a generally rising trend in international air cargo, marking a recovery from the 2008–2009 recessionary dip (see figure 22).

Figure 22. Domestic and International Air Cargo Revenue Ton-Miles (RTMs)

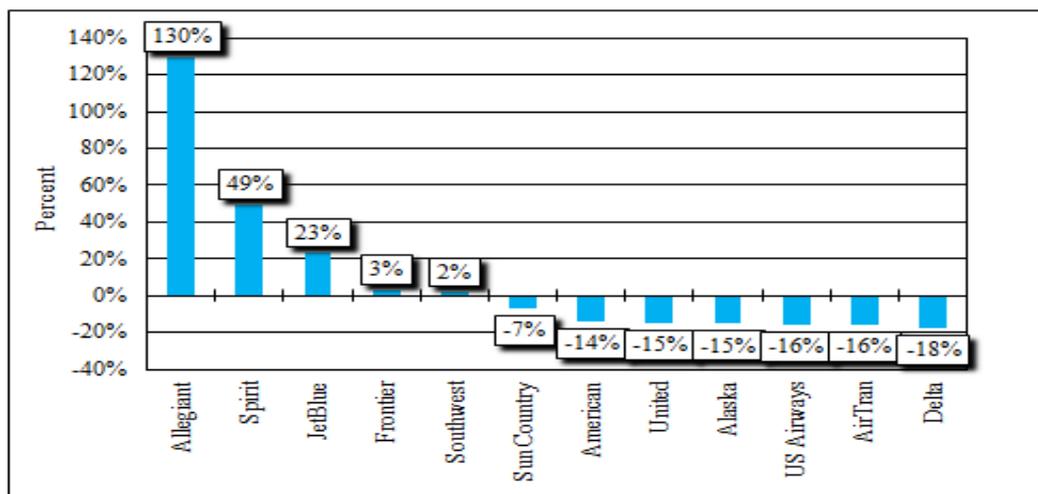


Source: Bureau of Transportation Statistics

EXHIBIT D. SCHEDULED FLIGHT SERVICE

Change in Scheduled Flights. Since the peak in air travel in 2007, nearly all the legacy airlines have cut back on their scheduled domestic flights. As shown in figure 23, these decreases ranged from 14 percent for American to 18 percent for Delta.²⁴ In contrast, low-cost carriers Allegiant, Spirit, Frontier, JetBlue, and Southwest have increased their schedules. Low-cost carriers Sun Country and AirTran were exceptions.

Figure 23. Change in Scheduled Flights for Legacy and Low-Cost Carriers June 2012 vs. June 2007

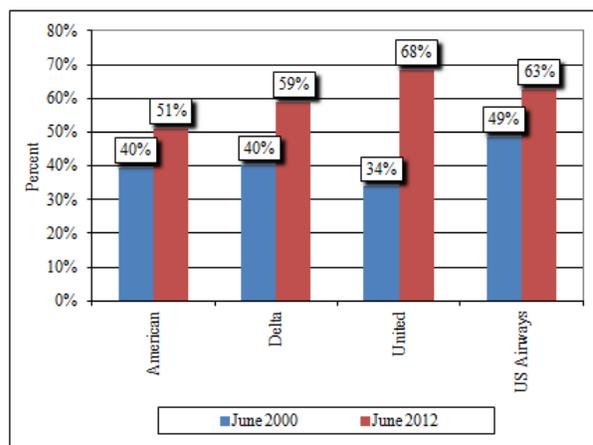


Source: Federal Aviation Administration

Shift to Code Share Partners.

Over the past decade, the larger major airlines have been shifting a greater percentage of their scheduled service to code share partners. As shown in figure 24, between 2000 and 2012, United increased their use of code share partners from 34 percent to 68 percent of their scheduled domestic flights. This shift reflects efforts to capture connecting-passengers onto the mainline flights and to reduce operating expenses.

Figure 24. Percent of Scheduled Flights by Code Share Partners June 2012 vs. June 2000



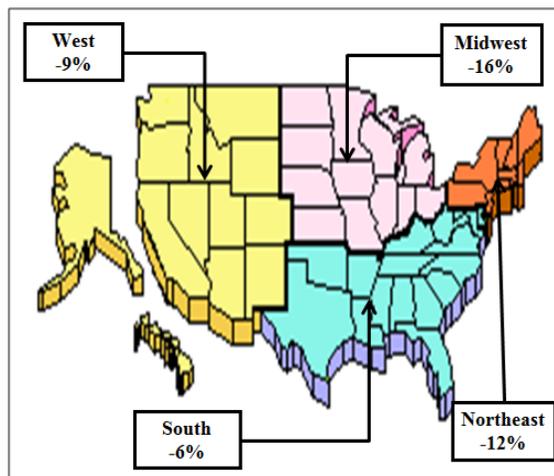
Source: Federal Aviation Administration

²⁴ In order to account for the airlines mergers during this time period, we combined United with Continental as well as Delta with Northwest.

Regional Differences in Domestic Service.

While domestic air service has declined overall nationwide, this decline has varied by region. Nationwide, the number of scheduled seats on domestic flights in June 2012 was 10 percent lower compared to June 2007 levels. As seen in figure 25, seats declined most significantly in the Midwest (-16 percent) and Northeast (-12 percent) while less so in the West (-9 percent) and South (-6 percent). The downturn in the Midwest can be mostly attributed to the declines at Cincinnati (-60 percent), Cleveland (-22 percent), and Chicago O’Hare (-13 percent). In the Northeast, there were declines at smaller airports, such as Syracuse (-16 percent) and Albany (-16 percent), as well as at some of the larger airports, including Pittsburgh (-28 percent) and Philadelphia (-13 percent).

Figure 25. Regional Changes in Available Seats June 2012 vs. June 2007

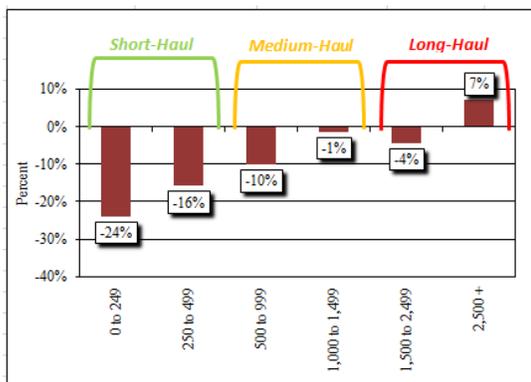


Source: Federal Aviation Administration

Loss of Short-Haul Air Service.

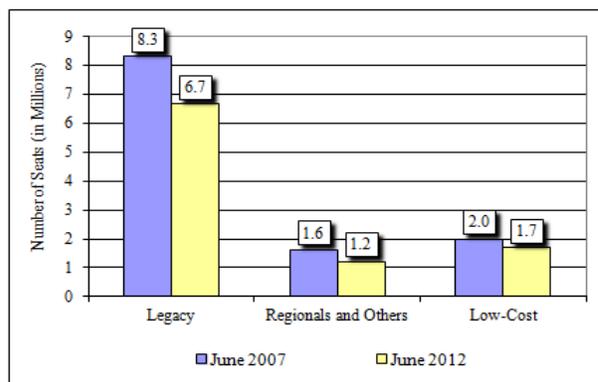
Short-haul air service in particular has experienced a significant decline in recent years. Figure 26 shows that in June 2012, the number of scheduled domestic flights was down 24 percent for the shortest flights (i.e., 0 to 249 miles) and 16 percent for flights between 250 and 499 miles. In contrast, scheduled flights for longer distances of 2,500 miles or greater have increased 7 percent. Legacy carriers have dropped the most short-haul flights, with a reduction of 1.6 million seats, compared with a drop of 400,000 seats by regional and other smaller carriers, and 300,000 by low-cost carriers (see figure 27).

Figure 26. Percent Change in Scheduled Flights by Flight Distance, June 2012 vs. June 2007 (in Miles)



Source: Federal Aviation Administration

Figure 27. Available Seats on Short-Haul Flights by Type of Air Carrier, June 2012 vs. June 2007



Source: Federal Aviation Administration

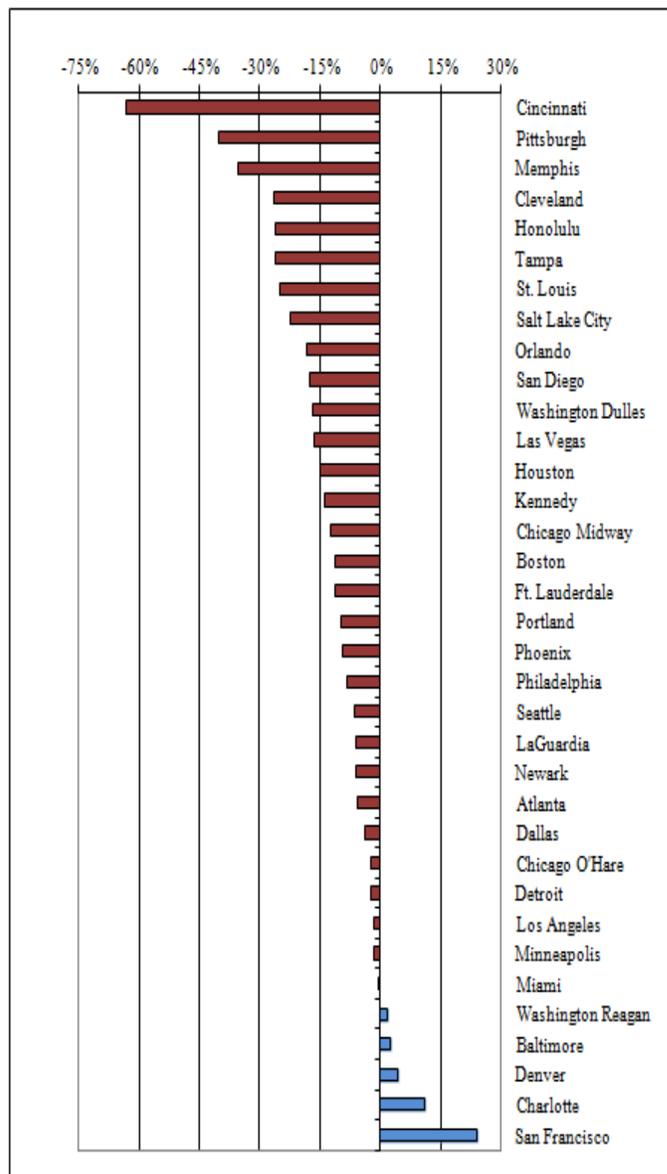
Exhibit D. Scheduled Flight Service

Scheduled Flights at Large Airports.

Nearly all of the large airports have experienced decreases in scheduled flights. As illustrated in figure 28, when comparing June 2012 to June 2007, the number of scheduled flights decreased at 30 of the 35 largest airports. Overall, scheduled flights dropped an average of 9.4 percent at these 35 airports. The most significant decreases were experienced at Cincinnati (-63.1 percent), Pittsburgh (-40.1 percent), and Memphis (-35.5 percent). These particular airports were impacted by the downsizing of hub operations following mergers and bankruptcy reorganizations.

During the same period, airports such as San Francisco (23.9 percent) and Charlotte (11.1 percent) gained scheduled flights. Meanwhile, Southwest and Virgin America initiated operations at San Francisco, while US Airways ramped-up their hub operations at Charlotte.

Figure 28. Change in Scheduled Flights at Major Airports, June 2012 vs. June 2007

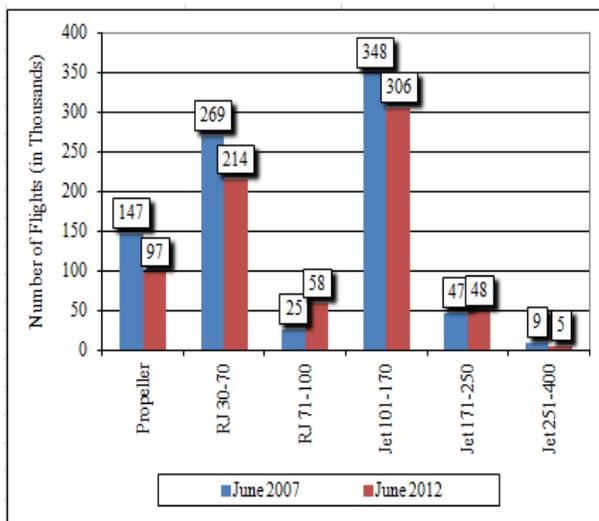


Source: Federal Aviation Administration

Impact of Airline Cutbacks on Aircraft Usage.

Cutbacks in scheduled domestic air service were also reflected in the reduced use of aircraft typically operated by regional airlines. As shown in figure 29, when comparing June 2012 to June 2007, monthly flights for propeller driven aircraft dropped by 50,000, while Regional Jet (RJ) aircraft with 30 to 70 seats decreased by 55,000. Together, these two categories represent a flight decrease of 25 percent for regional type aircraft. This decrease was partially offset by an increase in RJs with 71 to 100 seats from 25,000 to 58,000 flights, suggesting a shift to larger aircraft by the regional airlines. This shift in aircraft usage is also evident in other categories where medium-sized jets (101 to 170 seats) experienced a decline from 348,000 to 306,000, while larger jets (171 to 250 seats) had a slight increase of around 1,000 flights. Finally, the number of flights for the largest sized aircraft (251 to 400 seats) dropped from roughly 9,000 to 5,000.

Figure 29. Change in Scheduled Domestic Flights by Aircraft Size June 2012 vs. June 2007



Source: Federal Aviation Administration

Changes in Domestic Competition. The cutback in service to airports in the contiguous 48 States and Hawaii is reflected by the change in domestic competition. Since 2007, overall competition as measured by the number of airlines serving an airport has declined substantially. As shown in table 3, 61 out of the Nation's 457 airports receiving scheduled air service lost one half or more of the air carriers serving their community.

Table 3. Change in Domestic Competition, June 2012 vs. June 2007

Percent Change in Carriers Serving Airport	Airports in Group	Average Change in No. of Carriers
100% (Lost all carriers)	21	-1.1
75% - 99%	2	-3.0
50% - 74%	38	-1.8
25% - 49%	85	-2.3
1% - 24%	46	-1.5
0% (Lost no carriers)	209	0.0
Increase in carriers	56	1.1
Total	457	

Source: Federal Aviation Administration

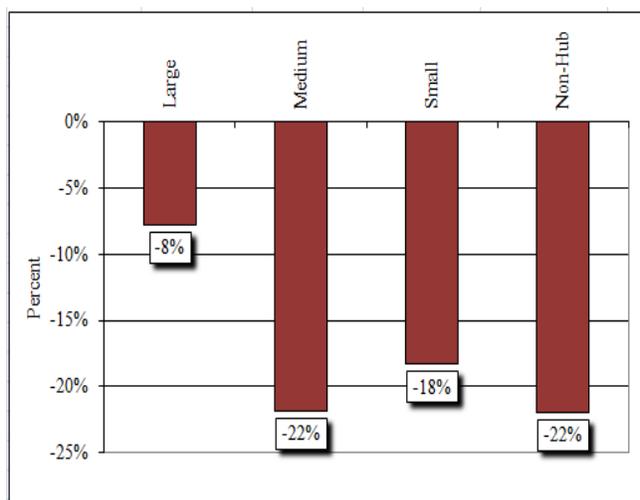
Note: Excludes the State of Alaska and U.S. Possessions and Territories

Exhibit D. Scheduled Flight Service

Changes in Air Service by Airport Size.

Following the economic downturn in 2008, air carriers reduced their schedules most notably at the smaller sized airports. As shown in figure 30, when comparing June 2012 to June 2007, large hub airports saw an 8 percent drop in scheduled departures while all other airport size groupings experienced greater decreases, medium (-22 percent), small (-18 percent) and non-hub (-22 percent).²⁵

Figure 30. Change in Scheduled Departures by Size of Community June 2012 vs. June 2007

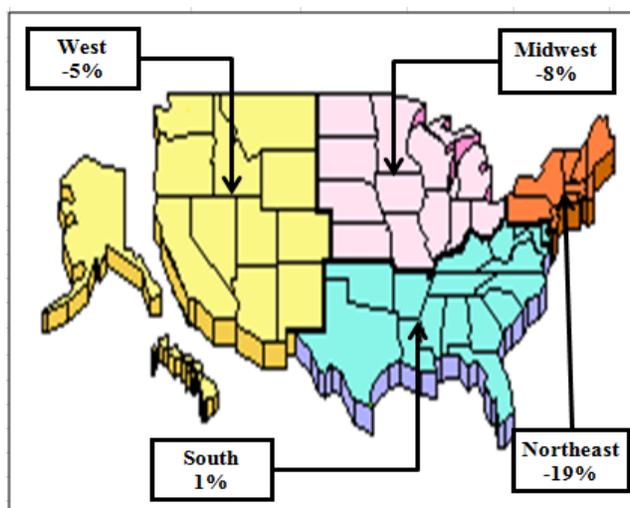


Source: Federal Aviation Administration

Regional Impact of Cutbacks to Smaller Communities.

A comparison of available seat capacity at the non-hub airports by regions shows the greatest cutback occurred in the Northeast at -19 percent. As shown by figure 31, the Midwest and West experienced a smaller decline, while the South had a slight increase of 1 percent. Airport declines that impacted the Northeast included Newburgh, NY (-65 percent), Binghamton, NY (-32 percent), and State College, PA (-19 percent).

Figure 31. Regional Changes in Available Seats at Non-Hub Airports, June 2012 vs. June 2007



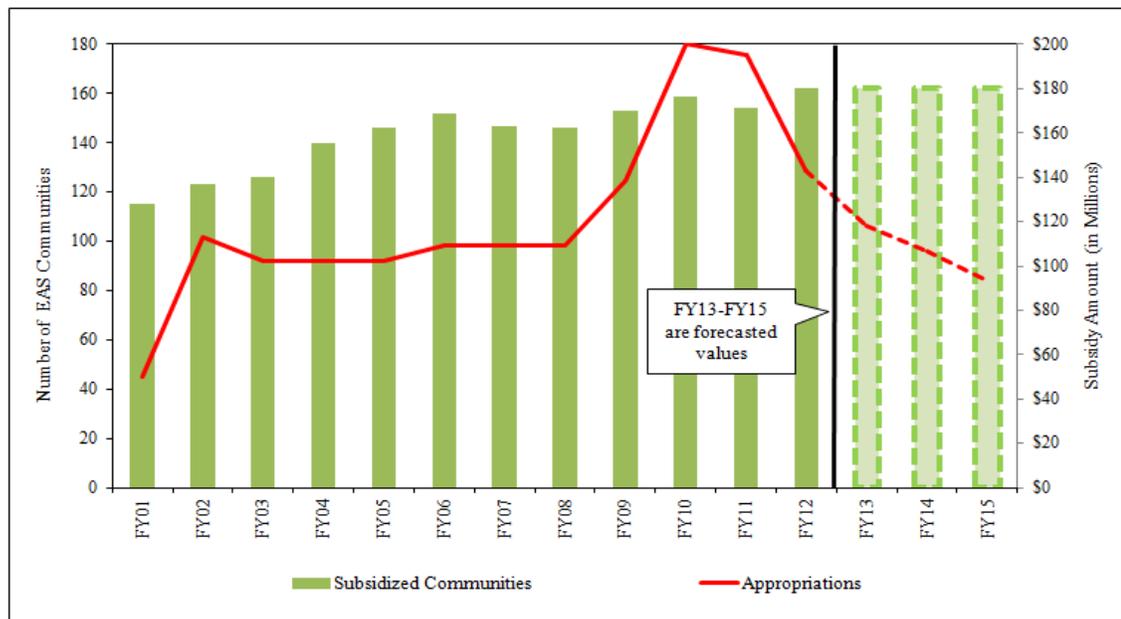
Source: Federal Aviation Administration

²⁵ FAA categorizes airport sizes based on the percentage of annual passenger enplanements. A large hub represents 1 percent or more of total enplanements while a medium has at least .25 percent, but less than 1 percent. Airports with .05 percent to .25 percent of the total enplanements are categorized as small and any airports less than .05 percent, but with at least 2,500 enplanements are considered non-hubs.

Essential Air Service. Recent legislative actions have the potential to significantly impact service to smaller communities. The FAA Modernization and Reform Act of 2012²⁶ made considerable changes to the Essential Air Service (EAS) program, which provided guarantees of at least minimal levels of passenger service to most communities. The Act introduced new limits to the program by restricting eligibility and appropriations. Eligibility for communities in the lower 48 States to participate in the program is now restricted to only those that received subsidized service between September 30, 2010, and September 30, 2011²⁷ (no new communities in the lower 48 states are eligible for subsidy).²⁸ Further, except at the limited number of subsidized communities, airlines are no longer required to provide advanced notice of their intention to terminate service.

As shown in figure 32, program appropriations will be steadily reduced from \$195 million in FY 2011 to \$93 million in FY 2015. Prior to these legislative changes, EAS subsidies increased from \$50 million for 115 communities in FY 2001 to \$195 million for 162 communities in FY 2011, caused in part by higher fuel costs and lower ridership. The impact of the planned reduction in appropriations on the number of communities that can be funded in the future is unknown.

Figure 32. Essential Air Service Funding and Number of Subsidized Communities



Source: DOT Office of Aviation Analysis

²⁶ FAA Modernization and Reform Act, February 14, 2012.

²⁷ In addition to the communities currently receiving subsidized service, eight communities whose subsidy eligibility was being processed during this time are eligible.

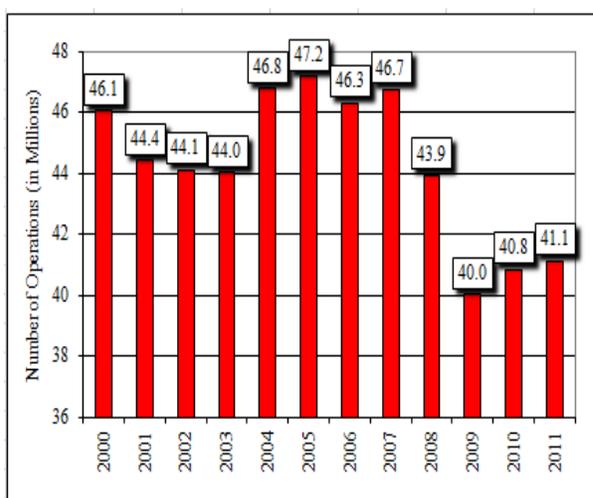
²⁸ Communities in Alaska or Hawaii are exempt from this limitation as well as several additional minimum ridership and maximum per-passenger subsidy requirements.

Exhibit D. Scheduled Flight Service

EXHIBIT E. DELAYS AND CANCELLATIONS

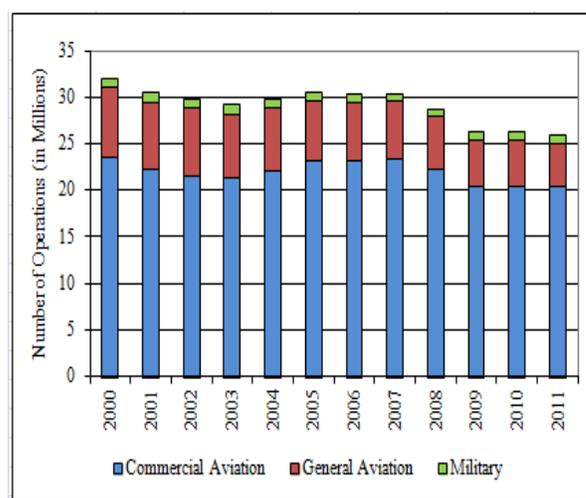
Actual Total Flight Operations. Since 2007, total instrument controlled (IFR) aircraft operations handled by both FAA’s En Route Centers and Towers have decreased significantly (see figures 33 and 34). In particular, flight activity involving general aviation activity has had the sharpest decline at over 23 percent since 2007. Furthermore, the number of operations (which can include take-offs, landings, or en route flights) remains at levels below the post 9/11 low experienced in 2003.

Figure 33. Number of En Route Center Flight Operations



Source: Federal Aviation Administration

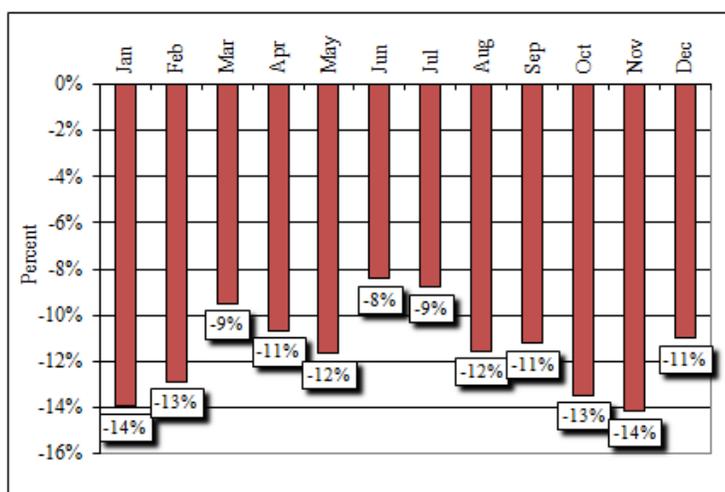
Figure 34. Number of Tower Flight Operations



Source: Federal Aviation Administration

Actual Arrivals. Likewise, the actual number of flights arriving at the 55 major airports tracked by FAA has dropped since 2007. As shown in figure 35, when comparing 2011 with 2007, there was a percentage decline in the number of arriving flights in every single month. The summer vacation months of June and July 2011 showed less decline than other months of the year.

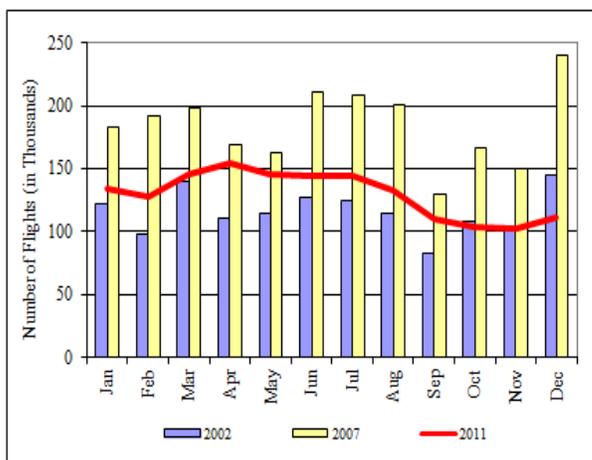
Figure 35. Percent Change in the Number of Arrivals at Major Airports, 2011 vs. 2007



Source: Federal Aviation Administration

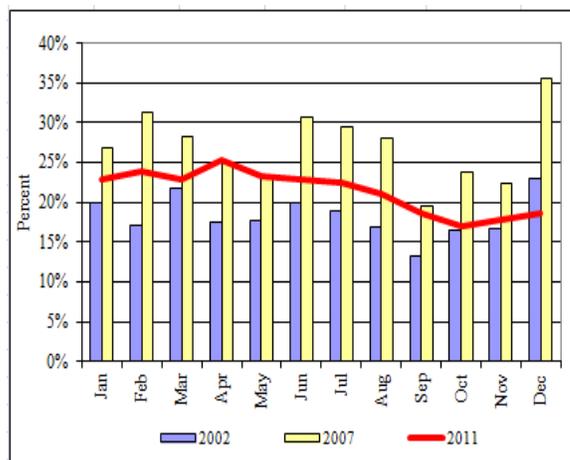
Number and Rate of Arrival Delays. As shown in figures 36 and 37, following the 9/11 downturn, 2002 marked the lowest number of delays as well as the lowest rate (percentage of flights delayed). In contrast, 2007 experienced both the highest number and rate of arrival delays, particularly during the summer months. Since 2007, the number and rate of delays have remained lower, although generally above the 2002 levels for most of the year.

Figure 36. Delayed Flights at Major Airports, 2011 vs. 2007 and 2002



Source: Federal Aviation Administration

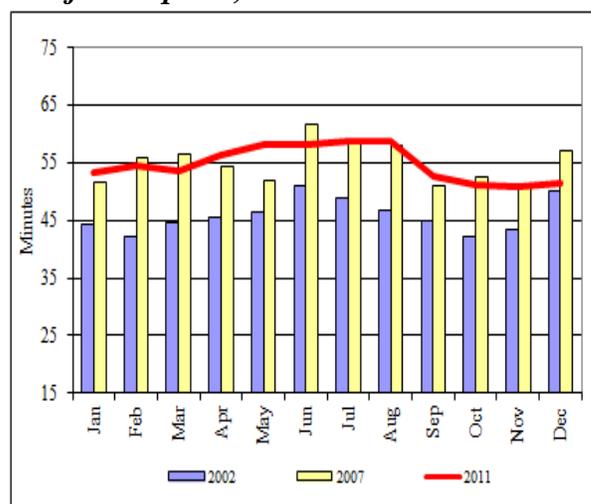
Figure 37. Rate of Delayed Flights at Major Airports, 2011 vs. 2007 and 2002



Source: Federal Aviation Administration

Length of Delays. While the number and rate of delays has declined since 2007, the average duration of these delays²⁹ remains high (see figure 38). In fact, the average length of arrival delay in 2011 was approximately the same each month as in the comparable month of 2007. Further, the longest average delay time occurred during the summer months in each of those years. On an annual basis, the average length of arrival delay in 2011 was 55 minutes, only slightly below the 55½ minutes experienced in 2007. In contrast, the length of delays in 2002 averaged only 46 minutes during the year.

Figure 38. Length of Flight Delays at Major Airports, 2011 vs. 2007 and 2002

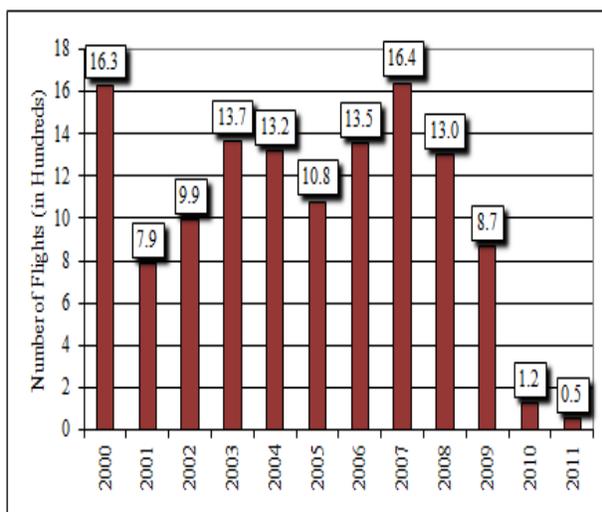


Source: Federal Aviation Administration

²⁹ The average length of arrival delay only includes those flights that did not arrive (gate-in) within 15 minutes of the scheduled arrival time.

Tarmac Delays. The number of tarmac delays of longer than 3 hours has dramatically declined since their peak in 2007, as shown in figure 39. This decline may be attributable to both the drop in scheduled flights and the implementation of a recent DOT rule addressing long tarmac delays.³⁰ Between 2007 and 2011, tarmac delays of more than 3 hours dropped from 1,642 to only 50 (nearly 97 percent) and are now at incomparably low levels for the last 12 years.

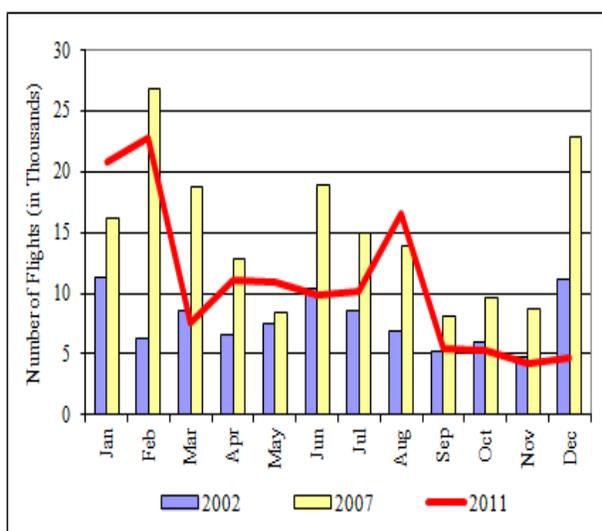
Figure 39. Number of Flights With Tarmac Delays of Longer Than 3 Hours



Source: Bureau of Transportation Statistics

Cancellations. Following the aftermath of the 9/11 terrorist attacks, flight cancellations reached their lowest point in 2002 (see figure 40). By 2007, the number of cancellations had climbed to record high levels. In 2011 the number of cancellations had dropped, although still remaining above 2002 levels for most of the year. The large spike in August 2011 resulted from airlines cancelling large numbers of flights at airports in the Northeast United States due to Hurricane Irene.

Figure 40. Flight Cancellations at Major Airports, 2011 vs. 2007 and 2002



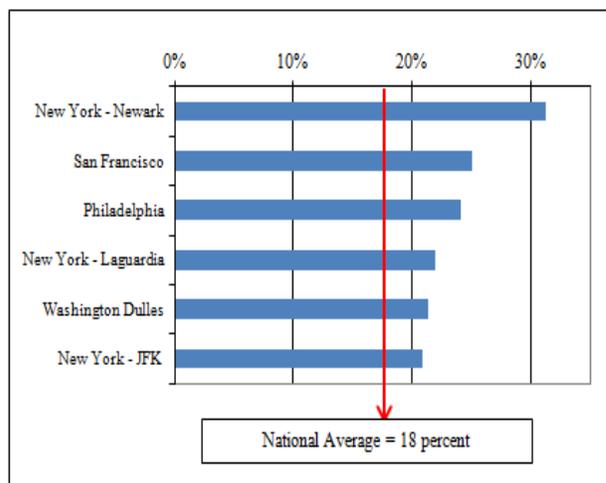
Source: Federal Aviation Administration

³⁰ DOT issued a new rule effective April 29, 2010 “Enhancing Airline Passenger Protections” that requires certain U.S. carriers to provide assurance that they will not permit an aircraft to remain on the tarmac for more than 3 hours without providing passengers an opportunity to deplane. An air carrier’s failure to comply with this assurance subjects the carrier to civil penalties of up to \$27,500 per passenger.

Delays at Specific Airports. The three New York area airports are among the airports experiencing the most delays (see figure 41). During the fourth quarter of 2011, Newark had the highest delay rate at over 31 percent of all arriving flights, while LaGuardia and J.F. Kennedy experienced delay rates of 22 and 21 percent, respectively. Other airports with high delay rates include San Francisco, Philadelphia, and Washington Dulles. All of these airports have delay rates well above the national average of 18 percent.

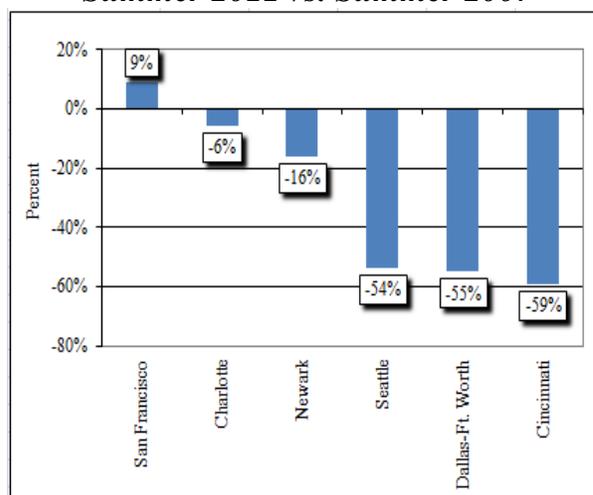
When comparing the number of delays that occurred during the summer of 2011 with the summer of 2007 (see figure 42), only San Francisco had an increase in delays. San Francisco was one of only a few airports that experienced an increase in scheduled flights between the two time periods, as Southwest and Virgin America began operations at the airport, adding 164 flights daily. In contrast, other major airports, such as Cincinnati, Dallas-Ft. Worth, Seattle, Newark,³¹ and Charlotte, experienced substantial reductions in delayed flights. Delays improved at Cincinnati mainly because scheduled traffic decreased nearly 56 percent during this same time period. Seattle opened an additional runway in November 2008, thus improving capacity. Dallas-Ft. Worth had severe weather issues during the summer of 2007 compared to 2011.

Figure 41. Rate of Delayed Flights at Congested Airports, 4th Quarter 2011



Source: Federal Aviation Administration

Figure 42. Percent Change in Number of Delays at Three Best and Worst Airports, Summer 2011 vs. Summer 2007

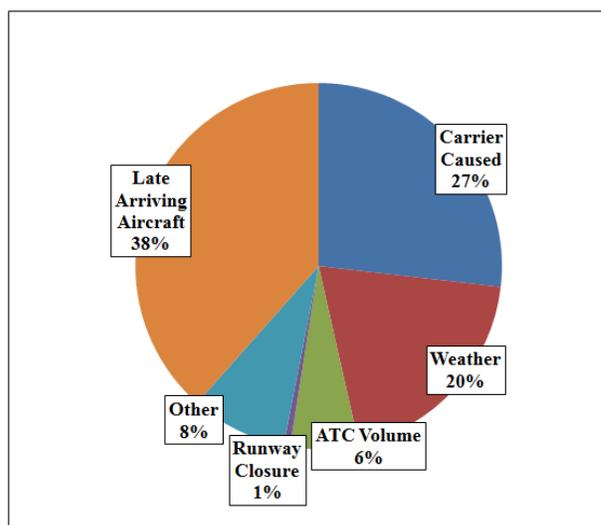


Source: Federal Aviation Administration

³¹ Although the number of delays dropped at Newark, it still remained the most delayed airport in the Nation in the latter part of 2011.

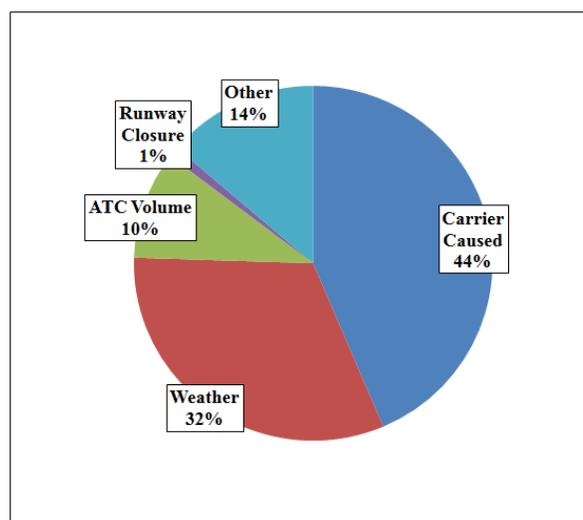
Causes of Flight Delays. DOT analyzes data reported by airlines and summarizes the causes of arrival delays into categories such as *carrier caused*, *weather*, *late arriving aircraft*,³² *Air Traffic Control (ATC) volume*, *runway closure*, and other miscellaneous causes, including *security* and *ATC equipment outages*. As shown in figure 43, the top reason for delays reported by airlines was *late-arriving aircraft*, followed by *carrier-caused delays* (which can include maintenance or crew availability problems, aircraft cleaning, baggage loading, and fueling). Since *late arriving aircraft* is a secondary cause, figure 44 shows the primary causes by proportionally allocating late arriving aircraft delays. Once adjusted, the *carrier-caused* delays rise from 27 percent to 44 percent, becoming the largest cause of arrival delays.

Figure 43. Airline Reported Causes of Flight Delays, Summer 2011



Source: Federal Aviation Administration

Figure 44. Causes of Flight Delays - Adjusted for Late Arriving Aircraft, Summer 2011



Source: Federal Aviation Administration

³² “Late arriving aircraft” is a secondary cause of delay; the primary cause of delay is what caused the aircraft to arrive late. Delays are categorized as “late arriving aircraft” when the previous flight operated with the same aircraft arrives late, resulting in the current flight departing late.

EXHIBIT F. CUSTOMER SERVICE

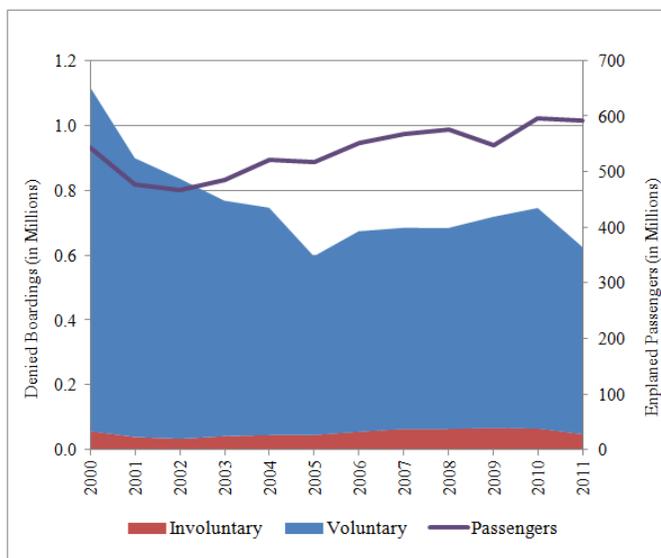
Passengers Denied Boarding.

As shown in figure 45, the overall number of passengers denied boarding³³ (i.e., “bumped”) by airlines has declined in the last decade since its peak in 2000, with some fluctuation tied to passenger ridership. Passenger-denied boardings, as defined by DOT, are “passengers who hold confirmed reservations and are denied boarding from a flight because it is oversold.”³⁴ Between 2000 and 2005, passenger-denied boardings declined from 1.12 million in 2000 to a low of 597,000 in 2005.

After 2005, denied boardings increased as ridership grew until 2011, when denied boardings dropped 16 percent from the prior year to 626,000. Despite the large fluctuation in the overall number of denied boardings, the number of *involuntary* passenger-denied boardings (as opposed to voluntary, when a passenger willingly gives up his or her seat on an oversold flight in exchange for compensation) remained relatively unchanged over the last decade, with a low of 34,000 in 2002 and high of 67,000 in 2009.

Rate of Denied Boardings. Regional carriers were more likely to have higher rates of passenger-denied boardings, as illustrated in figure 46. In 2011, passenger-denied boarding rates for individual airlines varied from 0 (JetBlue) to 27.3 (Atlantic Southeast) for every 10,000 passengers enplaned, and the industry rate of denied boardings was 10.57.³⁵ While nearly all major carriers except United and AirTran beat the industry average, most regional carriers did not.

Figure 45. Number of Passengers Denied Boarding vs. Enplaned Passengers



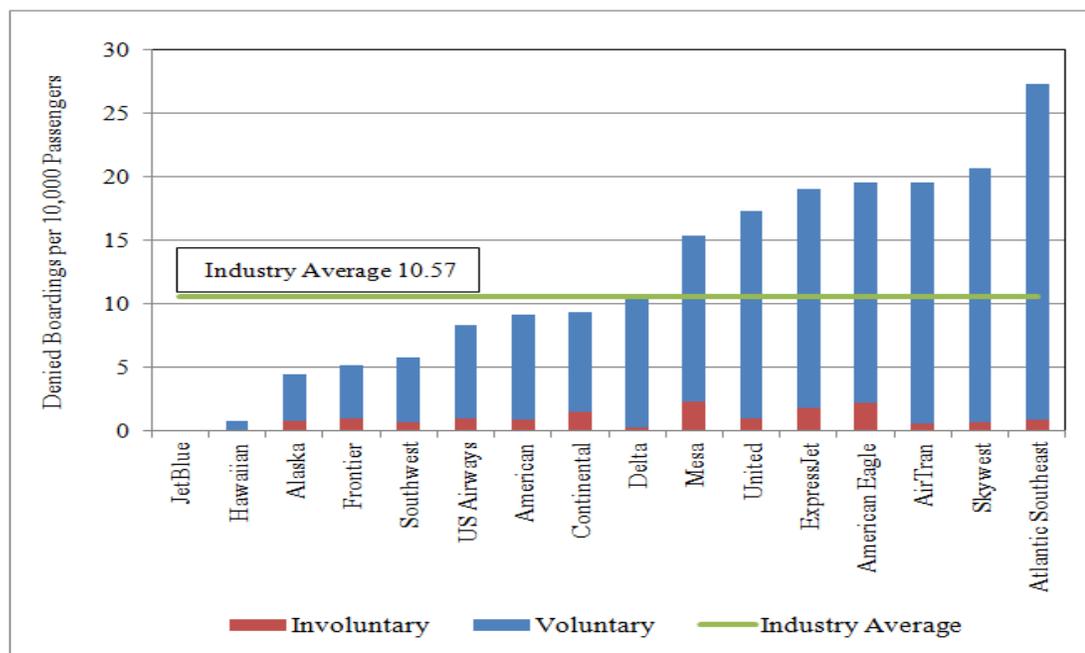
Sources: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

³³ Reports of mishandled baggage and passengers denied boarding are filed with DOT (monthly and quarterly, respectively) by U.S. airlines that have at least one percent of total domestic scheduled-service passenger revenues, plus any other airline that voluntarily submits the data.

³⁴ Per DOT, “these figures include only passengers whose oversold flight departs without them; they do not include passengers affected by cancelled, delayed, or diverted flights. See Scope & Methodology for further information.

³⁵ Based only on the number of passengers denied boarding and passengers enplaned by airlines required to submit denied boarding reports to the Department of Transportation.

Figure 46. Rate of Passengers Denied Boarding by Airline, 2011

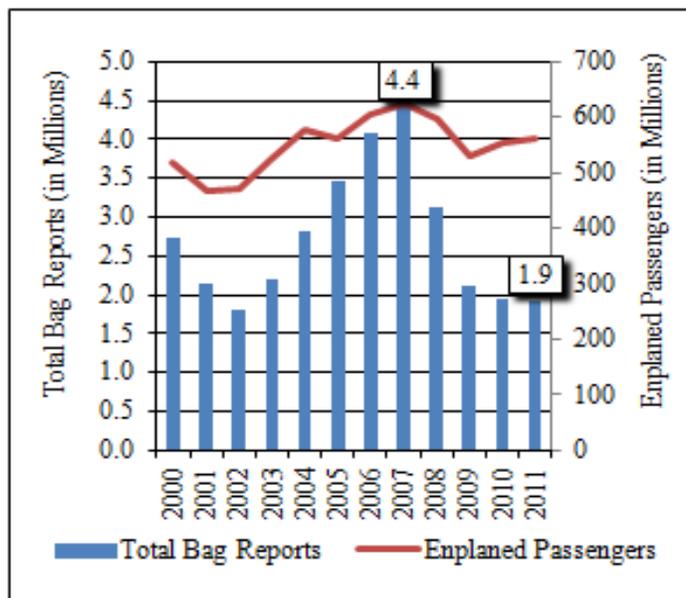


Sources: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

Reports of Mishandled Baggage.

The number of reports of mishandled baggage has declined since its peak in 2007, when reports peaked at 4.4 million, which coincided with the peak in passenger ridership.³⁶ As shown in figure 47, from 2007 to 2009, reports of mishandled baggage declined in general proportion to the reduction in airline ridership. Since 2009, although ridership has been increasing, mishandled bag reports have continued to decline (to 1.9 million) in 2011. This continued decline in mishandled bag reports

Figure 47. Number of Mishandled Bag Reports vs. Enplaned Passengers



Sources: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

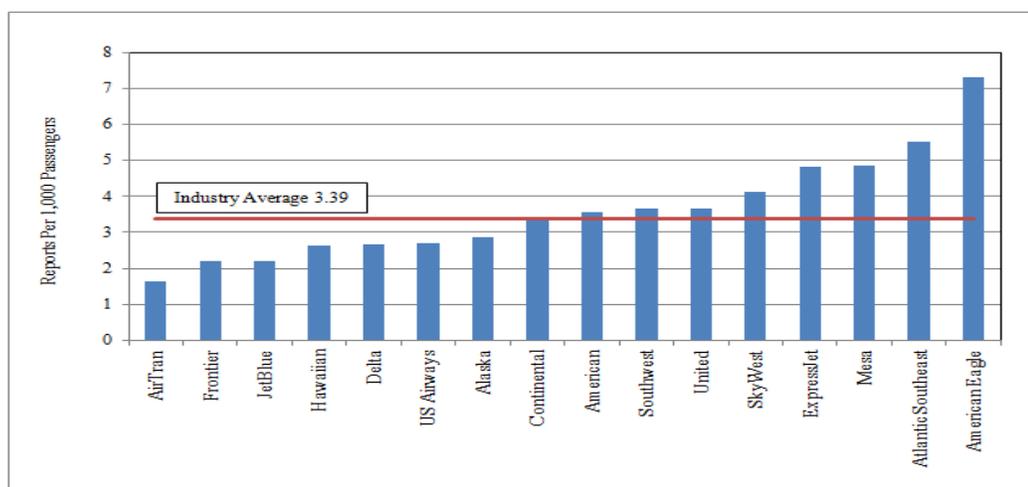
³⁶ This customer service metric is based on the number of reports of mishandled baggage on domestic flights and may include one or more pieces of baggage.

Exhibit F. Customer Service

corresponds with airline implementation of checked baggage fees and passengers checking fewer bags.

Rate of Mishandled Baggage Reports. Figure 48 shows that regional carriers were also more likely to have higher rates of mishandled baggage reports. In 2011, the average number of mishandled bag reports per 1,000 passengers for domestic air travel was 3.39. Major airlines reported rates of mishandled baggage below or only slightly above the industry average. Alone, the major airlines' rate of mishandled baggage was 3.08 per 1,000 passengers. In contrast, regional carriers such as SkyWest, ExpressJet, Mesa, Atlantic Southeast, and American Eagle reported mishandled baggage rates well above the average. Together, the regional airlines experienced a rate of 5.27 mishandled bag reports per 1,000 passengers.

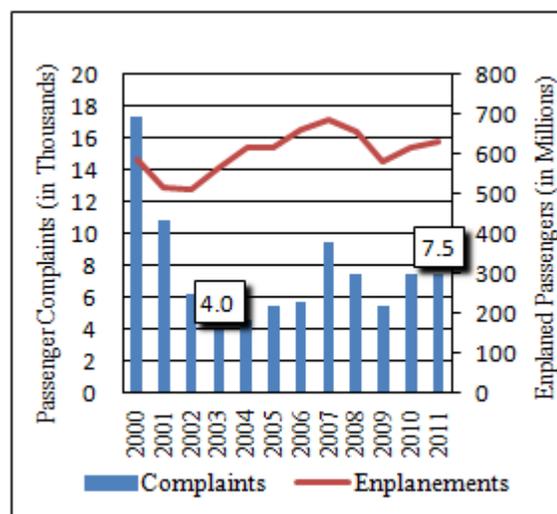
Figure 48. Rate of Mishandled Bag Reports by Airline, 2011



Sources: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

Passenger Complaints to DOT. As shown by figure 49, the number of complaints made by airline passengers to DOT has generally risen and fallen with the changes in passenger ridership. Between 2000 and 2003, however, a dramatic reduction (-77%) in passenger complaints filed with the DOT occurred despite only gradually declining ridership (-4%). After 2003, complaints increased from a low of 4,000 in 2003 to 7,500 in 2011 while ridership peaked, dropped, and returned.

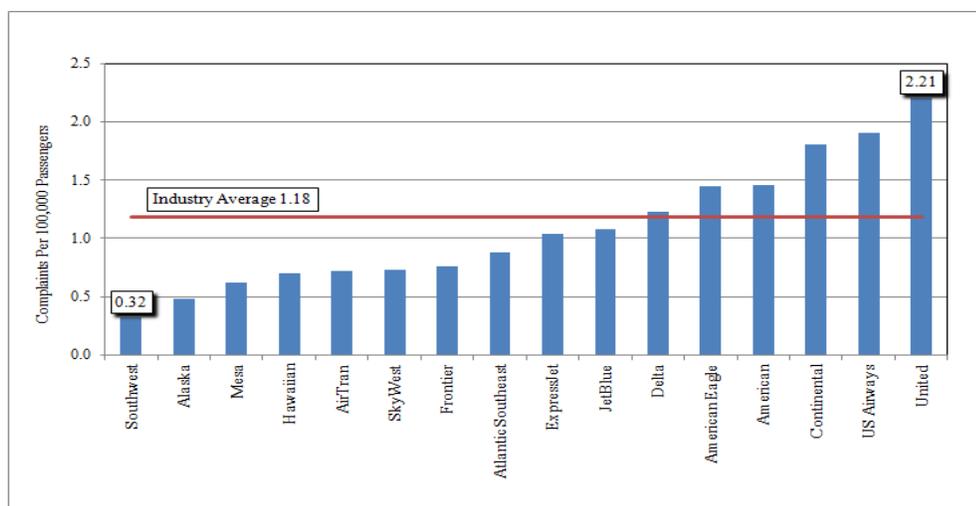
Figure 49. Number of Passenger Complaints vs. Enplaned Passengers



Sources: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

Rate of Passenger Complaints to DOT. The number of passenger complaints filed with DOT is extremely low when compared to airline ridership. In 2011, the industry average of passenger complaints per 100,000 passenger enplanements was 1.18. As shown in figure 50, even the airline with the highest rate of complaints among reporting airlines, received less than 3 complaints for every 100,000 passengers transported.

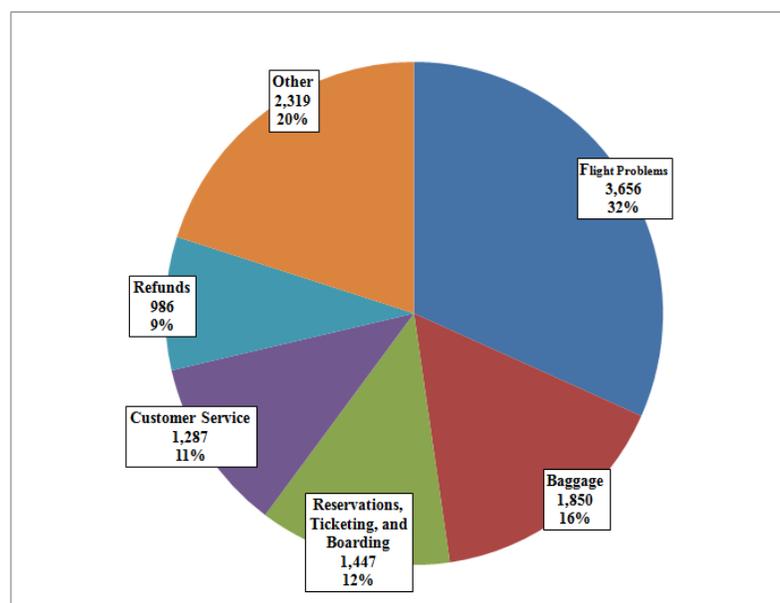
Figure 50. Rate of Passenger Complaints by Airline, 2011



Source: Department of Transportation

Types of Airline Passenger Complaints to DOT. Passengers filed the most complaints with DOT regarding flight problems (e.g., delays, cancellations, and other disruptions), as illustrated in figure 51.

Figure 51. Types of Passenger Complaints Reported, 2011



Source: Department of Transportation

Exhibit F. Customer Service

For 2011, complaints with flight problems comprised 32 percent of all submissions, with twice as many complaints as the next largest category, baggage. Together, these two categories account for nearly half of all complaints.

EXHIBIT G. GLOSSARY OF COMMONLY USED TERMS

Available Seat Miles (ASMs) – One seat transported one mile; the most common measure of airline seating capacity.

Actual Load Factor – The percentage of available seats that are filled with paying passengers. Load factor is computed as the ratio of Revenue Passenger Miles to Available Seat Miles.

Code-Sharing – A common airline industry marketing practice where, by agreement between cooperating carriers, the advertised identity of at least one airline used on a flight is different from that of the airline operating the aircraft. In one version, two or more airlines each use their own identities on the same aircraft operation. Although only one airline operates the flight, each airline in a code-sharing arrangement may hold out, market, and sell the flight as its own in published schedules. Code-sharing also refers to the arrangements, such as when the airline identity on a passenger's ticket is not that of the operator of the flight, but where the operator does not also hold out the service in its own name. Such code-sharing

Cost per Available Seat Mile (CASM) – A measure of unit cost, calculated by dividing operating costs by available seat miles.

Enplanements – The number of passengers boarding a flight.

En Route Center – Sometimes referred to as a “center,” or an Air Route Traffic Control Center, it houses the air traffic controllers and equipment needed to identify and direct aircraft during the en route—as opposed to the approach and departure—portion of their flights.

Essential Air Service – Government-subsidized airline service to eligible small communities, which began after the Airline Deregulation Act of 1978.

General Aviation – A term used to describe all non-military and non-airline flying, encompassing everything from recreational aircraft to experimental aircraft to privately owned and operated business jets.

Hub Airport – A ranking designation assigned to U.S. airports by FAA based on an airport's percentage share of total passenger enplanements at all U.S. airports. FAA categorizes airports based on the following percentage of annual passenger enplanements in the United States by hub type.

- Large-Hub: 1.0 percent or more of total enplanements
- Medium-Hub: at least 0.25 percent, but less than 1 percent

- Small-Hub: at least 0.05 percent, but less than 0.25 percent
- Non-Hub: at least 2,500, but less than 0.05 percent.

Instrument Flight Rules – Rules governing flight relying on the aircraft's instruments and navigation aids. IFR permit aircraft to fly in certain limited visibility and cloud conditions. Virtually any commercial operation—including airlines and business jets—utilizes the IFR system.

Jet Fuel – The term describes kerosene-type jet fuel used primarily for commercial turbojet and turboprop aircraft engines.

Large Jet – For the purposes of the Aviation Industry Performance report, large jets are all commercially operated jet transport aircraft other than those defined as regional jets.

Legacy Airline – For the purposes of this report, the category legacy airline includes Alaska Airlines, American Airlines, Delta Air Lines, United Airlines, and US Airways. For the purposes of consistency over time, we combined the financial and operating statistics for the various airlines that have been merged, including: America West (US Airways), Continental (United), Northwest (Delta), and Trans World Airlines (American).

Low-Cost Carrier – For the purposes of the Aviation Industry Performance report, the category low-cost carrier includes AirTran Airways, America West, American Trans Air (ATA), Frontier Airlines, JetBlue Airways, National Airlines, Pan American Airways, Southwest Airlines, Spirit Airlines, Sun Country, and Vanguard Airlines. However, Vanguard Airlines and National Airlines ceased operations in July 2002 and November 2002, respectively. ATA ceased operations in April 2008 and Pan American ceased operations in 1998. America West airlines merged with US Airways in September 2007.

Major Airline – For the purposes of this report, the category major airline includes AirTran Airways, Alaska Airlines, American Airlines, American Eagle Airlines, Continental Airlines, Delta Air Lines, Frontier Airlines, Hawaiian Airlines, JetBlue, SkyWest, Southwest Airlines, United Airlines, and US Airways. For the purposes of consistency over time, we combined the financial and operating statistics for the various airlines that have been merged, including: America West (US Airways), Continental (United), Northwest (Delta), and Trans World Airlines (American)

Mishandled Bags – The number of reports each carrier received from passengers concerning lost, damaged, delayed or pilfered baggage.

Exhibit G. Glossary of Commonly Used Terms

Other Airlines – Except where noted, for the purposes of Aviation Industry Performance report, the category other airlines includes all scheduled U.S. airlines not included in the network and low-cost categories, that is, mostly smaller scheduled regional, commuter, and national airlines (many of which are affiliated with the major network carriers).

Passengers Denied Boarding – The number and rate of involuntary denied boardings include both passengers who received denied boarding compensation and passengers who did not qualify for compensation because of one of the exceptions in the oversales rule. There are four exceptions: (1) passenger accommodated on another flight scheduled to arrive within one hour of the original flight; (2) passenger fails to comply with ticketing, check-in or reconfirmation procedures; (3) aircraft of smaller capacity is substituted; and (4) passenger is denied boarding due to safety-related weight restrictions on an aircraft with 60 or fewer seats.

Regional Carrier – An airline with a fleet principally comprised of aircraft configured with fewer than 100 seats, operating within a limited geographic scope (may have multiple regions, though not interlinked across the country under its own single brand), principally serving hub-and-spoke networks, and conducting most of its operations under the affiliation(s) of larger branded airlines (network carriers). For the purposes of this report, we also consider internal mainline operating units that are principally involved in regional operations as regional carriers.

Regional Jet (RJ) – All turbofan jet-powered aircraft configured to seat 77 or fewer passengers, operated by either a regional or network carrier, and all turbofan jet-powered aircraft configured to seat between 78 and 100 passengers and operated by regional carriers.

Regions – For purposes of this report, the Nation was delineated into four regions composed of states and the District of Columbia. Northeast Region: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, and Pennsylvania. Midwest Region: Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas. South Region: Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas, and District of Columbia. West Region: Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, California, Alaska, and Hawaii.

Revenue Passenger Mile (RPM) – One fare-paying passenger transported one mile; the most common measure of demand for air travel.

Exhibit G. Glossary of Commonly Used Terms

Revenue Ton Miles – One ton of cargo transported one mile.

Tarmac Delay – A delay that an aircraft experienced in any of the following stages of operation: (1) taxi-out from the gate to wheels-off; (2) taxi-in from wheels-on to the gate; (3) prior to cancellation where the aircraft left the gate and returned upon cancellation; (4) multiple gate departures where the aircraft left the gate and then returned to the gate before departing again; and (5) at diversion airport is the tarmac time that occurred at an alternate airport.

Tower – Also referred to as control tower, is located at the airport and generally handles at and in close proximity of the airport.

EXHIBIT H. MAJOR CONTRIBUTORS TO THIS REPORT

<u>Name</u>	<u>Title</u>
Darren Murphy	Program Director
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Stephen Smith	Senior Transportation Analyst
Michael Dunn	Auditor
Audre Azuolas	Writer-Editor

The following pages contain textual versions of the graphs and charts contained in this document. These pages were not a part of the original document but have been added here to accommodate assistive technology.

Figure 1: Jet Fuel Prices – U.S Gulf Coast Spot Price (June 2000 – June 2012)

Month	Monthly Jet Fuel Price (\$/Gallon)
June 2005	\$1.65
July 2005	\$1.66
August 2005	\$1.87
September 2005	\$ 2.23
October 2005	\$2.40
November 2005	\$1.70
December 2005	\$1.73
January 2006	\$1.82
February 2006	\$1.75
March 2006	\$1.87
April 2006	\$2.07
May 2006	\$2.07
June 2006	\$2.08
July 2006	\$2.15
August 2006	\$2.13
September 2006	\$1.81
October 2006	\$1.74
November 2006	\$1.73
December 2006	\$1.81
January 2007	\$1.65
February 2007	\$1.74
March 2007	\$1.85
April 2007	\$2.04
May 2007	\$2.04
June 2007	\$2.10
July 2007	\$2.14
August 2007	\$2.09
September 2007	\$2.27
October 2007	\$2.37
November 2007	\$2.67
December 2007	\$2.60
January 2008	\$2.60
February 2008	\$2.73
March 2008	\$3.12
April 2008	\$3.36
May 2008	\$3.74

Month	Monthly Jet Fuel Price (\$/Gallon)
June 2008	\$3.88
July 2008	\$3.89
August 2008	\$3.27
September 2008	\$3.37
October 2008	\$2.31
November 2008	\$1.88
December 2008	\$1.38
January 2009	\$1.47
February 2009	\$1.26
March 2009	\$1.27
April 2009	\$1.37
May 2009	\$1.49
June 2009	\$1.81
July 2009	\$1.71
August 2009	\$1.89
September 2009	\$1.75
October 2009	\$1.94
November 2009	\$1.99
December 2009	\$1.98
January 2010	\$2.05
February 2010	\$1.99
March 2010	\$2.11
April 2010	\$2.24
May 2010	\$2.06
June 2010	\$2.06
July 2010	\$2.02
August 2010	\$2.08
September 2010	\$2.11
October 2010	\$2.25
November 2010	\$2.32
December 2010	\$2.45
January 2011	\$2.62
February 2011	\$2.84
March 2011	\$3.13
April 2011	\$3.27
May 2011	\$3.09
June 2011	\$3.05
July 2011	\$3.13
August 2011	\$3.01
September 2011	\$2.95
October 2011	\$2.97

Month	Monthly Jet Fuel Price (\$/Gallon)
November 2011	\$3.05
December 2011	\$2.87
January 2012	\$3.09
February 2012	\$3.21
March 2012	\$3.26
April 2012	\$3.23
May 2012	\$2.97
June 2012	\$2.68

Source: Energy Information Administration

Figure 2: CASM-Cost per Available Seat-Mile With and Without Fuel

Quarter and Year	Total Operating Expense Less Transport-related and Fuel Expense in Cents per Available Seat-Mile	Total Operating Expense Less Transport-related Expense in Cents per Available Seat-Mile
First Quarter 2000	8.55	9.86
Second Quarter 2000	8.60	9.92
Third Quarter 2000	8.61	10.09
Fourth Quarter 2000	8.93	10.55
First Quarter 2001	9.19	10.72
Second Quarter 2001	9.16	10.61
Third Quarter 2001	9.51	10.91
Fourth Quarter 2001	9.82	10.97
First Quarter 2002	9.36	10.43
Second Quarter 2002	8.97	10.15
Third Quarter 2002	8.73	9.99
Fourth Quarter 2002	8.85	10.18
First Quarter 2003	9.05	10.55
Second Quarter 2003	8.66	9.97
Third Quarter 2003	8.12	9.45
Fourth Quarter 2003	8.47	9.86
First Quarter 2004	8.31	9.88
Second Quarter 2004	8.03	9.75
Third Quarter 2004	7.80	9.68
Fourth Quarter 2004	8.17	10.31
First Quarter 2005	7.94	10.10
Second Quarter 2005	7.50	9.94
Third Quarter 2005	7.54	10.28
Fourth Quarter 2005	7.86	10.83

Quarter and Year	Total Operating Expense Less Transport-related and Fuel Expense in Cents per Available Seat-Mile	Total Operating Expense Less Transport-related Expense in Cents per Available Seat-Mile
First Quarter 2006	7.95	10.78
Second Quarter 2006	7.63	10.74
Third Quarter 2006	7.47	10.72
Fourth Quarter 2006	7.74	10.65
First Quarter 2007	7.80	10.58
Second Quarter 2007	7.74	10.83
Third Quarter 2007	7.67	10.92
Fourth Quarter 2007	7.86	11.51
First Quarter 2008	8.09	12.17
Second Quarter 2008	8.57	13.28
Third Quarter 2008	8.08	13.54
Fourth Quarter 2008	8.41	12.73
First Quarter 2009	8.63	11.45
Second Quarter 2009	8.34	11.09
Third Quarter 2009	8.27	11.36
Fourth Quarter 2009	9.09	12.21
First Quarter 2010	8.92	12.21
Second Quarter 2010	8.38	11.87
Third Quarter 2010	8.24	11.57
Fourth Quarter 2010	8.87	12.41
First Quarter 2011	8.96	13.05
Second Quarter 2011	8.64	13.23
Third Quarter 2011	8.56	13.13
Fourth Quarter 2011	9.53	13.91

NOTES: In first quarter 2002 Fuel represented 10 percent of total transport costs. In third quarter 2008 fuel represented 40 percent of transport costs.

Figure 3: Per Capita Disposable Income (Inflation Adjusted to 2000)

Year	Per Capita Disposable Income
2000	\$25,946
2001	\$26,314
2002	\$26,928
2003	\$27,353
2004	\$28,033

Year	Per Capita Disposable Income
2005	\$28,152
2006	\$29,014
2007	\$29,415
2008	\$29,845
2009	\$28,891
2010	\$29,173
2011	\$29,341

SOURCE: Bureau of Economic Affairs

**Figure 4: Accumulated Net Losses and Gains
First Quarter 2001 Cumulatively through Fourth Quarter 2011
(DOT Data)**

Quarter Year	Network Carriers Cumulative Sum Dollars in Billions	Low-Cost Carriers Cumulative Sum Dollars in Billions
First Quarter 2001	-\$1	\$0.1
Second Quarter 2001	-\$1.8	\$0.2
Third Quarter 2001	-\$4.2	\$0.3
Fourth Quarter 2001	-\$7.4	\$0.2
First Quarter 2002	-\$10.4	-\$0.2
Second Quarter 2002	-\$11.9	-\$0.2
Third Quarter 2002	-\$14.5	-\$0.2
Fourth Quarter 2002	-\$18.5	-\$0.3
First Quarter 2003	-\$20.4	-\$0.3
Second Quarter 2003	-\$20.7	\$0.2
Third Quarter 2003	-\$21.2	\$0.3
Fourth Quarter 2003	-\$21.8	\$0.4
First Quarter 2004	-\$23.4	\$0.4
Second Quarter 2004	-\$25.8	\$0.5
Third Quarter 2004	-\$27.2	\$0.5
Fourth Quarter 2004	-\$29.7	-\$0.1
First Quarter 2005	-\$32.8	-\$0.3
Second Quarter 2005	-\$34.8	-\$0.2
Third Quarter 2005	-\$37.5	-\$0.2
Fourth Quarter 2005	-\$57.6	-\$0.5

Airline	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Merged American	0.0%	0.0%	19.1%	18.2%	17.2%	16.4%	16.2%	15.9%	15.5%	15.0%	14.9%	14.8%
AirTran	0.9%	1.0%	1.3%	1.6%	1.8%	2.1%	2.6%	3.0%	3.3%	3.4%	3.4%	
Southwest	8.2%	9.0%	10.0%	10.5%	10.4%	11.4%	12.7%	13.2%	14.4%	14.6%	14.5%	
Merged Southwest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.6%
Continental	8.2%	8.4%	8.2%	8.3%	8.1%	8.2%	8.9%	8.9%	9.0%	8.9%		
United	16.0%	15.1%	14.3%	13.9%	13.9%	13.0%	14.0%	13.4%	13.0%	13.0%		
Merged United	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.6%	20.6%
Northwest	8.4%	8.4%	8.4%	8.4%	8.3%	8.3%	7.6%	7.6%				
Delta	16.9%	16.5%	16.5%	16.5%	16.4%	16.4%	14.3%	13.7%				
Merged Delta	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.0%	20.6%	20.8%	20.3%
Total	91.3%	90.6%	89.4%	88.5%	87.0%	86.6%	86.8%	85.8%	86.0%	85.6%	85.0%	84.2%

Source: Bureau of Transportation Statistics

Source: Numbers are rounded.

Figure 6: Domestic Passenger Traffic and Capacity. Revenue Passenger-Miles and Available Seat-Miles in Billions

Year	Revenue Passenger-Miles (billions)	Available Seat-Miles (billions)
2000	530.8	751.7
2001	502.3	731.7
2002	499.8	713.5
2003	516.0	713.3
2004	568.8	766.8
2005	595.4	775.4
2006	599.0	759.9
2007	617.1	775.3
2008	592.7	748.2
2009	561.7	696.2
2010	577.7	706.3
2011	589.2	714.5

Source: Bureau of Transportation Statistics

NOTES: Load factor in 2000 was 71 percent.

Load factor in 2011 was 82 percent

Figure 7: Airfares by Flight Length (Fourth Quarters from 2000 to 2011)

Market Definition (Average Distance)	Short-Haul (300 Miles)	Medium-Haul (1,000 Miles)	Long-Haul (1,500 Miles)
Fourth Quarter 2000	116	177	226
Fourth Quarter 2001	99	154	185
Fourth Quarter 2002	106	158	198
Fourth Quarter 2003	112	158	197
Fourth Quarter 2004	109	149	183
Fourth Quarter 2005	119	158	198
Fourth Quarter 2006	116	164	205
Fourth Quarter 2007	125	170	207
Fourth Quarter 2008	135	176	223
Fourth Quarter 2009	125	167	208
Fourth Quarter 2010	136	176	221
Fourth Quarter 2011	164	192	237

Source: Bureau of Transportation Statistics

NOTE: All figures for 2008 and beyond exclude fees for checked baggage implemented by most airlines. This service was previously included in the average fares.

Table 1: Summary of Airline Fees (April 2012)

Airline	Carry-on Luggage	First Checked Bag	Second Checked Bag	Ticket Change Fee Fee¹	Seat Selection Fee²
AirTran		Yes	Yes	Yes	Yes
Alaska		Yes	Yes	Yes	
Allegiant	Yes	Yes	Yes	Yes	Yes
American		Yes	Yes	Yes	
Delta		Yes	Yes	Yes	
Frontier		Yes	Yes	Yes	
JetBlue			Yes	Yes	
Southwest					
Spirit	Yes	Yes	Yes	Yes	Yes
United		Yes	Yes	Yes	
US Airways		Yes	Yes	Yes	

¹ More than 24 hours after ticket purchase

² No seat can be selected at time of purchase without a fee

Source: Airline Websites

Figure 8: Domestic Operating Profit and Loss of Major U.S. Airlines in Billions of Dollars

Year	Operating Profit or – Loss In billions of Dollars
2000	5.5
2001	-9.1
2002	-9.6
2003	-4.0
2004	-1.0
2005	-2.3
2006	4.7
2007	6.6
2008	-5.8
2009	0.2
2010	7.7
2011	4.9

Source: Bureau of Transportation Statistics

**Figure 9: System-Wide Passenger Enplanements (in Millions)
Scheduled Service System-Wide (DOT Data)**

Year	Number of Enplanements (millions)
2000	698.9
2001	652.9
2002	641.3
2003	647.5
2004	703.7
2005	738.6
2006	744.7
2007	769.6
2008	743.3
2009	703.9
2010	720.5
2011	730.0

Source: Bureau of Transportation Statistics

Figure 10. Total Flight Operations and Percentage of Delayed or Cancelled Flights

Year	On-Time Flights (in Thousands)	Delayed plus Cancelled Flights (in Thousands)	Total Operations (in Thousands)	Percentage of Delayed or Cancelled Flights
2000	5,963	2,296	8,259	28%
2001	6,061	1,894	7,955	24%
2002	6,205	1,482	7,687	19%
2003	6,234	1,552	7,786	20%
2004	6,407	1,989	8,396	24%
2005	6,403	2,097	8,500	25%
2006	6,113	2,167	8,280	26%
2007	5,988	2,392	8,380	29%
2008	5,910	2,092	8,002	26%
2009	5,726	1,658	7,384	22%
2010	5,738	1,641	7,379	22%
2011	5,706	1,686	7,392	23%

Source: Federal Aviation Administration

Note: Year 2002 – Post 9/11 Downturn

Note: Year 2007 – Peak year for delays and cancellations

Note: Year 2008 – Economic downturn begins in 2008

**Figure 11: Major Passenger Airlines' Operating Revenues and Expenses
(\$ in Billions) Calendar Year 2000 Through 2011**

Year	Operating Revenues In Billions	Operating Expenses In Billions
2000	\$98.1	\$92.6
2001	\$85.3	\$94.4
2002	\$77.6	\$87.2
2003	\$82.3	\$86.3
2004	\$95.1	\$96.0
2005	\$105.5	\$107.8
2006	\$121.6	\$116.9
2007	\$129.3	\$122.7
2008	\$137.4	\$143.2
2009	\$115.2	\$115.0
2010	\$128.4	\$120.7
2011	\$142.8	\$137.9

Source: Bureau of Transportation Statistics

Note: All amounts are rounded

Figure 12: Selected Legacy and Low-Cost Carrier Operating Profits and Losses 2011 (\$ in Millions) (DOT Data)

Airline	Profit or Loss (In Millions)
Delta	\$2,245
Continental	\$950
US Airways	\$894
Southwest	\$652
Alaska	\$471
United	\$434
JetBlue	\$324
AirTran	-\$16
Frontier	-\$111
American	-\$1,170

Source: Bureau of Transportation Statistics

Figure 13: Fuel Cost and Consumption (Domestic Operations)

Year	Gallons of Aviation Fuel Consumed Annually In Billions	Annual Cost of Aviation Fuel In Billions	Average Price of Aviation Fuel
2000	13.9	\$10.8	\$0.78
2001	13.1	\$10.0	\$0.76
2002	12.3	\$8.6	\$0.70
2003	12.4	\$10.3	\$0.83
2004	13.4	\$15.1	\$1.13
2005	13.3	\$21.7	\$1.63
2006	13.0	\$25.1	\$1.92
2007	13.0	\$26.9	\$2.07
2008	12.5	\$37.2	\$2.97
2009	11.1	\$21.2	\$1.90
2010	11.1	\$24.8	\$2.24
2011	10.9	\$31.3	\$2.88

Source: Bureau of Transportation Statistics

Figure 14: Debt-To-Investment Total Major Airlines

Year	Ratio of Debt to Total Investment
2000	52.7%
2001	65.5%
2002	87.3%
2003	90.7%
2004	101.7%
2005	206.8%
2006	105.2%
2007	59.4%
2008	49.9%
2009	87.9%
2010	77.8%
2011	84.3%

Source: DOT Office of Aviation Analysis

Figure 15: Debt-To-Investment Individual Major Airlines

Airline	Profit or Loss (In Millions)
Southwest	\$2,245
Alaska	\$950
Continental	\$894
JetBlue	\$652
US Airways	\$471
Delta	\$434
AirTran	\$324
US Airways	-\$16
United	-\$111
American	-\$1,170

Source: DOT Office of Aviation Analysis

Figure 16: Airline Employment for US Certificated Carriers (in thousands)

Year	Employment
2000	668
2001	600
2002	591
2003	558

Year	Employment
2004	564
2005	548
2006	540
2007	568
2008	565
2009	513
2010	518
2011	536

Note. Employment levels show total full-time equivalents (FTEs).

Source: Bureau of Transportation Statistics

Figure 17: Airport and Airway Trust Fund

Fiscal Year	Trust Fund Revenues (in \$ Billions)	FAA Budget Request (in \$ Billions)	Uncommitted Balance (in \$ Billions)
FY 07	\$11.9	\$13.7	\$1.5
FY 08	\$12.4	\$14.1	\$1.4
FY 09	\$10.9	\$14.6	\$0.3
FY 10	\$10.8	\$16.0	\$0.8
FY 11	\$11.7	\$16.5	\$1.4
FY 12	\$11.8	\$18.7	\$1.6
FY 13	\$13.0	\$15.1	\$2.4

Source: Federal Aviation Administration and Office of Management and Budget

Figure 18: System-Wide Passenger Enplanements (in Millions)
Scheduled Service System-Wide (DOT Data)

Year	Number of Enplanements (millions)
2000	698.9
2001	652.9
2002	641.3
2003	647.5
2004	703.7
2005	738.6
2006	744.7
2007	769.6
2008	743.3
2009	703.9

Year	Number of Enplanements (millions)
2010	720.5
2011	730.0

Source: Bureau of Transportation Statistics

Figure 19: Domestic Passenger Traffic and Capacity. Revenue Passenger-Miles and Available Seat-Miles in Billions

Year	Revenue Passenger-Miles (billions)	Available Seat-Miles (billions)
2000	530.8	751.7
2001	502.3	731.7
2002	499.8	713.5
2003	516.0	713.3
2004	568.8	766.8
2005	595.4	775.4
2006	599.0	759.9
2007	617.1	775.3
2008	592.7	748.2
2009	561.7	696.2
2010	577.7	706.3
2011	589.2	714.5

Source: Bureau of Transportation Statistics

NOTES: Load factor in 2000 was 71 percent.

Load factor in 2011 was 82 percent

Figure 20: Domestic Versus International Passenger Traffic. Measured in Revenue Passenger-Miles in Billions

Year	Domestic Revenue Passenger-Miles (billions)	International Revenue Passenger-Miles (billions)
2000	530.8	438.1
2001	502.3	392.8
2002	499.8	373.2
2003	516.0	368.8
2004	568.8	418.2
2005	595.4	446.0
2006	599.0	459.9

Year	Domestic Revenue Passenger-Miles (billions)	International Revenue Passenger-Miles (billions)
2007	617.1	481.7
2008	592.7	489.0
2009	561.7	467.3
2010	577.7	495.6
2011	589.2	518.9

Source: Bureau of Transportation Statistics

Figure 21: International Passenger Traffic 2000 to 2008 By Geographic Region Annual Revenue Passenger-Miles in Billions

	Latin	Atlantic	Pacific
2000	70.2	230.1	137.7
2001	64.6	204.3	123.9
2002	60.8	190.4	122.0
2003	64.4	193.8	110.6
2004	71.6	215.3	131.4
2005	77.4	225.4	143.2
2006	80.4	231.6	147.9
2007	84.9	247.5	149.3
2008	86.9	254.5	147.6
2009	83.9	243.9	139.6
2010	90.5	253.2	151.9
2011	94.9	265.6	158.4

Source: Bureau of Transportation Statistics

Figure 22: Domestic and International Air Cargo Traffic. (Annual Revenue Ton-Miles in billions) From 2003 through 2011.

Quarter Year	Domestic Traffic (Revenue Ton-Miles) in billions	International Traffic (Revenue Ton-Miles) in billions
2003	19	33
2004	21	37
2005	21	38
2006	21	39
2007	21	40
2008	19	38
2009	16	33
2010	18	40
2011	17	40

Source: Bureau of Transportation Statistics

Note: All numbers are rounded

**Figure 23. Change in Scheduled Flights for Legacy and Low-Cost Carriers
June 2012 vs. June 2007**

Airline	Percent Change
Allegiant	130%
Spirit	49%
JetBlue	23%
Frontier	3%
Southwest	2%
Sun Country	-7%
American	-14%
United	-15%
Alaska	-15%
US Airways	-16%
AirTran	-16%
Delta	-18%

Source: Federal Aviation Administration

**Figure 24. Percent of Scheduled Flights by Code Share Partners
June 2012 vs. June 2000**

Airline	Percent Share June 2000	Percent Share June 2012
American	40%	51%
Delta	40%	59%
United	34%	68%
US Airways	49%	63%

Source: Federal Aviation Administration

**Figure 25. Regional Changes in Available Seats
June 2012 vs. June 2007**

Region	Percent Change
West (includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming)	-9%
Midwest (includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North	-16%

Region	Percent Change
Dakota, Ohio, South Dakota, Wisconsin)	
South (includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)	-6%
Northeast (includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)	-12%

Source: Federal Aviation Administration

Figure 26. Change in Scheduled Flights by Flight Distance, June 2012 vs. June 2007 (in Miles)

Range in Miles	Category	Percent Change
0 to 249	Short Haul	-24%
250 to 499	Short Haul	-16%
500 to 999	Medium Haul	-10%
1,000 to 1,499	Medium Haul	-1%
1,500 to 2,499	Long Haul	-4%
2,500 +	Long Haul	7%

Source: Federal Aviation Administration

Figure 27. Available Seats on Short-Haul Flights by Type of Air Carrier, June 2012 vs. June 2007

Type of Air Carrier	Available Seats June 2007 (in Millions)	Available Seats June 2012 (in Millions)
Legacy	8.3	6.7
Regionals and Others	1.6	1.2
Low-Cost	2.0	1.7

Source: Federal Aviation Administration

Figure 28. Change in Scheduled Flights at Major Airports,

June 2012 vs. June 2007

Airport	Percent Change in Scheduled Flights
Cincinnati	-63.1%
Pittsburgh	-40.1%
Memphis	-35.5%
Cleveland	-26.3%
Honolulu	-26.3%
Tampa	-26.3%
St. Louis	-25.0%
Salt Lake City	-22.4%
Orlando	-18.3%
San Diego	-17.4%
Washington Dulles	-16.9%
Las Vegas	-16.5%
Houston	-14.9%
Kennedy	-13.9%
Chicago Midway	-12.2%
Boston	-11.3%
Ft. Lauderdale	-11.1%
Portland	-9.7%
Phoenix	-9.5%
Philadelphia	-8.5%
Seattle	-6.3%
LaGuardia	-6.2%
Newark	-6.1%
Atlanta	-5.8%
Dallas	-3.8%
Chicago O'Hare	-2.4%
Detroit	-2.3%
Los Angeles	-1.8%
Minneapolis	-1.5%
Miami	-0.5%
Washington Reagan	1.7%
Baltimore	2.3%
Denver	4.4%
Charlotte	11.1%
San Francisco	24.0%

Source: Federal Aviation Administration

**Figure 29. Change in Scheduled Domestic Flights by Aircraft Size
June 2012 vs. June 2007**

Aircraft Type	Scheduled Flights June 2007 (in Thousands)	Scheduled Flights June 2012 (in Thousands)
Propeller	147	97
RJ 30-70	269	214
RJ 71-100	25	58
Jet 101-170	348	306
Jet 171-250	47	48
Jet 251-400	9	5

Source: Federal Aviation Administration

**Figure 30. Change in Scheduled Departures by Size of Community
June 2012 vs. June 2007**

Size of Community	Percent Change
Large	-8%
Medium	-22%
Small	-18%
Non-Hub	-22%

Source: Federal Aviation Administration

**Figure 31. Regional Changes in Available Seats at Non-Hub Airports
June 2012 vs. June 2007**

Region	Percent Change
West (includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming)	-5%
Midwest (includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)	-8%
South (includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)	-1%

Region	Percent Change
Northeast (includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)	-19%

Source: Federal Aviation Administration

Figure 32. Essential Air Service Funding and Number of Subsidized Communities

Fiscal Year	Number of EAS (Subsidized) Communities	Appropriations (Subsidy) (in Millions)
FY01	115	\$50
FY02	123	\$113
FY03	126	\$102
FY04	140	\$102
FY05	146	\$102
FY06	152	\$109
FY07	147	\$109
FY08	146	\$109
FY09	153	\$138
FY10	159	\$200
FY11	154	\$195
FY12	162	\$143
FY13	162	\$118
FY14	162	\$107
FY15	162	\$93

Source: Department of Transportation

Note: FY13 - FY15 are forecasted values

Figure 33. Number of En Route Center Flight Operations

Year	Number of Operations (in Millions)
2000	46.1
2001	44.4
2002	44.1
2003	44.0
2004	46.8
2005	47.2
2006	46.3
2007	46.7
2008	43.9

Year	Number of Operations (in Millions)
2009	40.0
2010	40.8
2011	41.1

Source: Federal Aviation Administration

Figure 34. Number of Tower Flight Operations

Year	Commercial Aviation Number of Operations (in Millions)	General Aviation Number of Operations (in Millions)	Military Number of Operations (in Millions)
2000	23.5	7.5	0.9
2001	22.2	7.3	1.0
2002	21.6	7.2	1.0
2003	21.3	6.8	1.0
2004	22.1	6.7	0.9
2005	23.1	6.5	0.9
2006	23.1	6.3	0.9
2007	23.3	6.2	0.8
2008	22.2	5.7	0.8
2009	20.4	5.0	0.9
2010	20.4	4.9	0.9
2011	20.3	4.8	0.9

Source: Federal Aviation Administration

Figure 35. Percent Change in the Number of Arrivals at Major Airports, 2011 vs. 2007

Month	Percent Change
January	-14%
February	-13%
March	-9%
April	-11%
May	-12%
June	-8%
July	-9%
August	-12%
September	-11%
October	-13%
November	-14%

Month	Percent Change
December	-11%

Source: Federal Aviation Administration

Figure 36. Delayed Flights at Major Airports, 2011 vs. 2007 and 2002

Month	2002 Arrival Delays (in Thousands)	2007 Arrival Delays (in Thousands)	2011 Arrival Delays (in Thousands)
January	122.4	183.2	134.6
February	97.6	192.1	127.5
March	139.6	197.9	145.7
April	110.2	169.5	154.2
May	114.8	162.3	145.2
June	127.2	210.5	144.3
July	124.4	209.0	144.6
August	113.9	201.0	133.1
September	82.3	129.9	110.2
October	108.4	166.0	103.5
November	102.9	150.6	102.6
December	144.8	239.9	111.6

Source: Federal Aviation Administration

Figure 37. Rate of Delayed Flights at Major Airports, 2011 vs. 2007 and 2002

Month	2002 Percent Delayed	2007 Percent Delayed	2011 Percent Delayed
January	20.0%	26.9%	23.0%
February	17.1%	31.4%	23.9%
March	21.8%	28.2%	22.9%
April	17.5%	25.0%	25.4%
May	17.8%	23.1%	23.4%
June	19.9%	30.7%	23.0%
July	18.9%	29.5%	22.4%
August	17.0%	28.0%	21.0%
September	13.2%	19.6%	18.7%
October	16.4%	23.8%	17.1%

Month	2002 Percent Delayed	2007 Percent Delayed	2011 Percent Delayed
November	16.7%	22.3%	17.7%
December	22.9%	35.5%	18.6%

Source: Federal Aviation Administration

**Figure 38. Length of Flight Delays at Major Airports
2011 vs. 2007 and 2002**

Month	2002 (In Minutes)	2007 (In Minutes)	2011 (In Minutes)
January	44.4	51.7	53.2
February	42.1	55.8	54.5
March	44.8	56.5	53.6
April	45.4	54.4	56.4
May	46.5	52.0	58.0
June	51.1	61.5	58.3
July	48.8	59.1	58.7
August	46.7	58.0	58.9
September	44.9	50.9	52.8
October	42.3	52.4	51.1
November	43.5	51.4	50.8
December	50.0	57.2	51.4

Source: Federal Aviation Administration

Figure 39. Number of Flights With Tarmac Delays of Longer than 3 Hours

Year	Number of Flights (in Hundreds)
2000	16.3
2001	7.9
2002	9.9
2003	13.7
2004	13.2
2005	10.8
2006	13.5
2007	16.4
2008	13.0
2009	8.7
2010	1.2
2011	0.5

Source: Bureau of Transportation Statistics

Figure 40. Flight Cancellations at Major Airports, 2011 vs. 2007 and 2002

Month	2002 Cancellations (in Thousands)	2007 Cancellations (in Thousands)	2011 Cancellations (in Thousands)
January	11.3	16.1	20.8
February	6.3	26.8	22.8
March	8.5	18.8	7.6
April	6.6	12.8	11.1
May	7.5	8.5	10.9
June	10.4	19.0	9.8
July	8.6	15.0	10.1
August	6.9	13.8	16.6
September	5.3	8.2	5.5
October	6.0	9.6	5.2
November	4.8	8.7	4.2
December	11.1	22.8	4.7

Source: Federal Aviation Administration

Figure 41. Rate of Delayed Flights at Congested Airports, 4th Quarter 2011

Airport	Percent Delayed
New York – Newark	31.3%
San Francisco	25.1%
Philadelphia	24.1%
New York – LaGuardia	21.9%
Washington Dulles	21.4%
New York - JFK	20.9%

Source: Federal Aviation Administration

Note: National Average = 18 percent

Figure 42. Percent Change in Number of Delays at Three Best and Worst Airports, Summer 2011 vs. Summer 2007

Airport	Percent Change
San Francisco	9%

Airport	Percent Change
Charlotte	-6%
Newark	-16%
Seattle	-54%
Dallas-Ft. Worth	-55%
Cincinnati	-59%

Source: Federal Aviation Administration

Figure 43. Airline Reported Causes of Flight Delays, Summer 2011

Causal Category	Percent
Late Arriving Aircraft	38%
Carrier Caused	27%
Weather	20%
ATC Volume	6%
Runway Closure	1%
Other	8%

Source: Federal Aviation Administration

Figure 44. Causes of Flight Delays – Adjusted for Late Arriving Aircraft, Summer 2011

Causal Category	Percent
Carrier Caused	44%
Weather	32%
ATC Volume	10%
Runway Closure	1%
Other	14%

Source: Federal Aviation Administration

Figure 45. Number of Passengers Denied Boarding vs. Enplaned Passengers

Year	Voluntarily Denied (in Millions)	Involuntarily Denied (in Millions)	Total Denied (in Millions)	Enplaned Passengers (in Millions)
2000	1.06	.06	1.12	543
2001	.86	.04	.90	478

Year	Voluntarily Denied (in Millions)	Involuntarily Denied (in Millions)	Total Denied (in Millions)	Enplaned Passengers (in Millions)
2002	.80	.03	.83	467
2003	.73	.04	.77	486
2004	.70	.05	.75	522
2005	.55	.05	.60	517
2006	.62	.05	.67	552
2007	.62	.06	.68	568
2008	.62	.06	.68	576
2009	.65	.07	.72	548
2010	.68	.07	.75	595
2011	.58	.05	.63	592

Source: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

Note: Year 2000 had 1.12 million total denied boardings

Note: Year 2005 had 0.60 million total denied boardings

Note: Year 2011 had 0.63 million total denied boardings

Figure 46. Rate of Passengers Denied Boarding by Airline, 2011

Airline	Voluntary Denied (per 10,000 Passengers)	Involuntary Denied (per 10,000 Passengers)	Total Denied (per 10,000 Passengers)
JetBlue	0.04	0.01	0.05
Hawaiian	0.72	0.11	0.83
Alaska	3.64	0.82	4.46
Frontier	4.23	0.98	5.21
Southwest	5.16	0.65	5.81
US Airways	7.43	0.94	8.37
American	8.27	0.91	9.18
Continental	7.84	1.49	9.33
Delta	10.13	0.31	10.44
Mesa	13.05	2.27	15.32
United	16.23	1.01	17.24
ExpressJet	17.18	1.81	18.99
American Eagle	17.24	2.24	19.48
AirTran	18.95	0.57	19.52
SkyWest	19.96	0.68	20.64
Atlantic Southeast	26.40	0.91	27.31

Source: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

Note: Industry Average 10.57

Figure 47. Number of Mishandled Bag Reports versus Enplaned Passengers

Year	Total Bag Reports (in Millions)	Enplaned Passengers (in Millions)
2000	2.7	517.5
2001	2.1	467.9
2002	1.8	471.4
2003	2.2	524.5
2004	2.8	575.4
2005	3.4	562.6
2006	4.1	605.1
2007	4.4	624.7
2008	3.1	595.8
2009	2.1	527.8
2010	1.9	554.5
2011	1.9	562.9

Source: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

Note: Year 2007 – 4.4 million Total Bag Reports

Note: Year 2011 – 1.9 million Total Bag Reports

Figure 48. Rate of Mishandled Bag Reports by Airline, 2011

Airline	Reports per 1,000 Passengers
AirTran	1.63
Frontier	2.21
JetBlue	2.21
Hawaiian	2.63
Delta	2.66
US Airways	2.70
Alaska	2.87
Continental	3.35
American	3.55
Southwest	3.65
United	3.66
SkyWest	4.13
ExpressJet	4.82
Mesa	4.87
Atlantic Southeast	5.52

Airline	Reports per 1,000 Passengers
American Eagle	7.32

Source: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

Note: Industry Average 3.39

Figure 49. Number of Passenger Complaints versus Enplaned Passengers

Year	Passenger Complaints (in Thousands)	Enplaned Passengers (in Millions)
2000	17.4	585.3
2001	10.9	519.0
2002	6.2	510.5
2003	4.0	564.4
2004	4.6	619.1
2005	5.4	615.0
2006	5.7	663.1
2007	9.4	685.4
2008	7.4	657.3
2009	5.5	579.7
2010	7.5	618.6
2011	7.5	631.7

Source: Bureau of Transportation Statistics and DOT Aviation Consumer Protection Division

Note: Year 2003 – 4.0 thousand Passenger Complaints

Note: Year 2011 – 7.5 thousand Passenger Complaints

Figure 50. Rate of Passenger Complaints by Airline, 2011

Airline	Complaints per 10,000 Passengers
Southwest	0.32
Alaska	0.48
Mesa	0.62
Hawaiian	0.70
AirTran	0.72
SkyWest	0.73
Frontier	0.76
Atlantic Southeast	0.88
ExpressJet	1.04
JetBlue	1.08

Airline	Complaints per 10,000 Passengers
Delta	1.23
American Eagle	1.45
American	1.46
Continental	1.81
US Airways	1.91
United	2.21

Source: Department of Transportation

Note: Industry Average 1.18

Note: Southwest – 0.32 Complaints per 10,000 Passengers

Note: United – 2.21 Complaints per 10,000 Passengers

Figure 51. Types of Passenger Complaints Reported, 2011

Type of Complaint	Number Reported	Percent of Total
Flight Problems	3,656	32%
Baggage	1,850	16%
Reservations, Ticketing, and Boarding	1,447	12%
Customer Service	1,287	11%
Refunds	986	9%
Other	2,319	20%

Source: Department of Transportation